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Current HISTORY

April, 1934 — Price 25 Cents

WHAT OF ROOSEVELT NOW?

By Bruce Bliven

THE WORLD AT WAR FOR TRADE

By Gardner Harding

THE NEW YORK TIMES COMPANY



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At the close of the day, at the end of the week, at the turn of the year, when your mind ranges back to sum it up, what counts for most?

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BELL TELEPHONE SYSTEM

Contents for APRIL

A Month's World History

Continued from Page IV

Cheadle, Howard O. Eaton and Cortez A. M. Ewing have written for the University of Oklahoma Press a little book with the hopeful title *No More Unemployed* ($1.35) in which, following the economic etiquette of the period, they indulge in the alphabet. To the NRA and the AAA and the forty other XYZ's of recovery they add the ISC, or Industrial Stabilization Corporation, which, we should think, ought to attract General Johnson. Here is capital unemployed. Here is unemployed labor. Let capital be invested so that the unemployed as a self-contained community may manufacture for each other.

"A primer of economics for bewildered Americans" thus makes an appeal which is limited only by the population itself. That is the sub-title of John F. Wharton's *This Road to Recovery* (William Morrow. $1.50). It is an example of the book which says a great many things, sometimes said many times before, that are useful to say or, in other instances, plausible. "Governments," we are told, "are notoriously wasteful." But is there not another column in the ledger? What during the last decade has been the waste of private enterprise?

The mind and morale of the nation as well as its money are receiving attention. On *America's Social Morality* (Henry Holt. $3.), Professor James Hayden Tufts has compiled an invaluable treatise. It is a thorough and well-balanced examination of phenomena—suicide, divorce, crime, commercial dishonesty, and so on—which are universal in a measure throughout the world, but are held, rightly or wrongly, to be conspicuous at times in the United States. This volume is further evidence of a more favorable trend toward reform in national life.

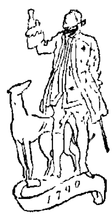
Miss Katherine Mayo seldom spares the feelings. On the treatment of war veterans in the United States, France, Germany, Italy and England, she produces a book—*Soldiers—What Next?* (Houghton Mifflin. $3.50), in which she deals in striking contrast with two questions: What has happened to the dollars? What has happened to the men?

Along the stormy horizon of disturbed internationalism, there wanders, lonely as a cloud and no less lovely in radiance of sunset, *Ignace Paderewski, Musician and Statesman* (Crowell. $3.) Rom Landau's biography—within its limits, a standard biography—is an enthusiastic surrender to an irresistible personality. But the surrender is not merely effusive. It is Boswellian. Every conceivable anecdote, every detail of the pianos and how they were played, has been collected, and while it is as admirers only that we are invited within Paderewski's spell, we sit—like certain ladies

Continued on Page XII

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Contents for MAY, 1934

A Month's World History

the horrors of leprosy the fearful protuberances of elephantiasis, to say nothing of other hideous afflictions of which the pictures in this volume are sufficient evidence.

That the tropics, like Egypt, India and Europe herself, are to be rid in large measure of plagues, comparable at times with the Black Death, may be accepted as a certainty. What will persist is an attitude of mind. The story of *Salah and His American*, by Leland Hall (Knopf, $2), is of a permanent significance because the idea that it embodies is elemental. As a Negro reared amid slavery, Salah would rather be the slave of a considerate master than a free man earning wages as a chauffeur. How, then, is an American to liberate the Salah who does not want to be liberated? How is he to protect his Salah from mistreatment by overlords less considerate than himself?

Most of us, as globe-trotters, are content with Europe, and the royal exhortations to buy British includes seeing Britain. The old country, once so contemptuous of transatlantic trippers, is now as ready as Italy or Switzerland to pocket what Pooh-Bah used to call the "insults." There are guide books to be had, hardly so systematic as Baedeker, to whom sightseeing has always been a call to duty, but good as gossip.

In a convenient and charmingly illustrated volume, Sidney Dark talks as he walks around *London Town* (Farrar & Rinehart, $2). His taste is always individual. At the Wallace Collection, he admires the Meissoniers and omits Greuze. In the Abbey he emphasizes the poets and forgets the statesmen. The Cenotaph in Whitehall is "newly erected." What makes London worth while is the statue of King Charles I in Trafalgar Square. Why argue about it? We agree.

The Pageant of Tower Hill, by the Rev. P. B. Clayton, Founder Padre of Toc H, and B. R. Leftwitch (Longmans, Green, $5), is a sumptuous volume replete with plans and pictures of a historic site that is now to be converted into a park and with appendices that include an admirable list of executions. For all who enjoy Holbein's portrait of Ann Boleyn's little neck and the dagger with which Sir William Walworth slew Wat Tyler in 1381, this volume is the authority.

A series of books (McBride, $1.90 each) discloses how France, Germany and Italy may be visited, subject to the vagaries of the Exchange Equalization Fund, "on fifty dollars" apiece. In the latest of these primers on peripatetic economy, Sidney A. Clark deals with Switzerland, including Geneva where, despite the League of Nations, it is possible, he thinks, to have a good time. There is a statue at Geneva dedicated to the Founder of Rhode

Continued on Page X

Hungry

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Contents for JUNE, 1934

A Month's World History

Accession No. 13684 C 87

Continued from

the White Crusaders and the Khaki Shirts, and the American Legion. "Philip La Follette, Governor of Wisconsin," she adds cheerfully, "is sometimes mentioned as a possible head of a Fascist movement," and she adds "Senators, liberal writers, scientists, Socialists, former Communists who were expelled by their party, and the technocrats," not forgetting Mayor La Guardia, to the ingredients of a new party in which the discontented farmers would provide the backbone.

"In the long run," Miss Haider admits, "depressions and war come about under fascism" which she condemns as a form of the capitalism that leads to these evils. Her contention is, however, that, in the short run, "fascism in the United States might witness a new period of prosperity for all sections of the people." The book is to be interpreted, perhaps, as a pertinent, if unintentional, argument in favor of the New Deal, the success of which would, presumably, forestall the demand for what Miss Haider calls "a different system." P. W. W.

Crisis Government

CRISIS GOVERNMENT. By Lindsay Rogers. New York: W. W. Norton, 1934. $1.75.

THE solar system, being a system, is accountable to chronology, and the planets in their orbits are punctual. What Professor Rogers has had to describe is a solar system in which Mars has run amuck and, as a stray comet, collided with the Saturns and the Jupiters and even with the world itself. Crisis government is chaos government. Constitutions, whatever they be, royalist or republican, collapse before *coups d'etat*. The panorama of kaleidoscopic pandemonium is broadly and carefully surveyed, and the general conclusion appears to be that Mussolini is no permanent substitute for Magna Carta, and that brown and black and blue shirts solve no problems by making bonfires of Burke and Blackstone. The very reason why dictators suppress public opinion is that, failing to achieve adequate results, they fear it. In the English-speaking world, dictatorship, in so far as it is needed at all, can be provided within the framework of representative institutions, which, however, should be subjected, so Professor Rogers maintains, to "considerable revamping." This book is sane and solid, not sensational. It expresses the wholesome inertia within a well-informed mind which refuses to be stampeded into the madcap march of the Mosleyite marionettes. P. W. W

Marxism Made Easy

WHAT MARX REALLY MEANT. By G. D. H. Cole. New York: Alfred A. Knopf, 1934. $2.

THE teachings of Marx have become so much a part of the thinking of our age that we seldom recognize the fact. Analyses of the contradictions of capitalism fall from the lips of enlightened industrialists who would be the

Continued on Page XII

TRACING OUR ANCESTORS

by

Frederick Haberman

This work supplies important missing links in the history of the human race. Starting with the Stone Circles and other prehistoric monuments in Western and Northern Europe, and comparing them with similar monuments in Asia, the author traces the coming of the Celtic, Anglo-Saxon and Nordic races back to Central Asia, where was located the home of the white or Adamic race.

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CURRENT HISTORY

APRIL 1934

What of Roosevelt Now?

By BRUCE BLIVEN*

I HAVE just completed a series of trips to various parts of the country undertaken for the purpose of seeking to find out what people think of the Roosevelt administration and its present program. One of these excursions was into the Middle West; another, to New England, and the third, through the Deep South. In the course of these journeys I have talked with all sorts of people: with political figures, business men, journalists, educators, waiters, taxi drivers, Pullman porters and bums on park benches. As far as possible, I have tried to make what follows a statement of what I found, and not of my personal opinions.

The most amazing thing about this country today is the continuing popularity of President Roosevelt. Everywhere I have been told that he is not only as well liked as he was six months ago but that he has grown in public favor. For example, I was in the South when Colonel Lindbergh issued his letter criticizing the cancellation of the air-mail contracts, and I made a point of asking every one I met whether the great idol of aviation had shaken their faith in the President. The answer in virtually every case was no; that the President obviously must have information which had been kept from the Colonel, and that time would show the cancellation of the contracts to be well justified.

This admiration for Mr. Roosevelt is found even among people who are out of sympathy with many acts of his administration. In the Middle West, for instance, large numbers of farmers have no use for the NRA, which they regard as a device to increase the cost of what they buy without carrying any corresponding advantage in regard to what they sell. (This attitude was particularly noticeable before the government checks began to go out for the crop-reduction program.) Yet a house-to-house canvass of several

*Mr. Bliven, formerly managing editor of *The New York Globe*, is now editor of *The New Republic* and New York correspondent of *The Manchester Guardian*.

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hundred farmers in Iowa, made by *The Des Moines Register and Tribune,* showed not only overwhelming opposition to the NRA but overwhelming support of the President. I think there is no doubt that this response was typical.

The general reasons for this are obvious, and need only the briefest summary here. People are for Mr. Roosevelt because they consider that he has the rights and interests of the common man at heart; because they feel he has courage and decision; because they contrast his cordiality and easy manners with Mr. Hoover's austerity and restraint, to the latter's disadvantage. It is noteworthy that in all parts of the country a special reason has been given me for Mr. Roosevelt's popularity: namely, his radio addresses. Over and over again, people have mentioned to me his excellent radio voice, his admirable diction (here, too, he is compared to his advantage with Mr. Hoover) and his friendly, easy manner. Their imagination seems to have been captured completely by the idea of a President reporting to the people by actual word of mouth. Several also spoke of his lucidity in dealing with complicated financial and economic questions in such a way that people understood them—or thought they did.

Mr. Roosevelt's popularity is perhaps partly cause and partly effect of another widespread public attitude: the opinion that the depression is now ending. While there are some important exceptions, this belief seems to be very widely held today. As a rule, it is not based upon statistical evidence but upon the general observation that "business seems to be picking up."

I have been unable to find anywhere very much belief that the NRA has in general had a great deal to do with the improvement in conditions. In descending order of importance, most people seem to put the CWA first, the AAA next, then the RFC and the bank policy in general, and the NRA last, if indeed it is taken seriously at all. The general charges against it are, of course, that it "has had too much ballyhoo"; that it has raised the cost of living faster than it has raised wages; that in too many places it has just been a "share-the-work movement," giving extra people jobs without increasing total payrolls.

Over and over again, I have been told what a godsend the CWA program has been to the country this Winter. Even though it took care of only 4,000,000 unemployed, it rescued hundreds of communities at a time when they were facing actual or virtual bankruptcy and did not see how their jobless men and women were to get through the Winter. The AAA has performed a similar service, at least temporarily, in those sections of the country where agricultural discontent was strongest. There are still, of course, many persons in these regions who remain deeply dissatisfied, but so far as I can judge, they are outnumbered by those who have welcomed the government money already given them and are willing to wait at least a little longer before deciding that this administration can not or will not afford them the substantial relief to which they feel they are entitled.

What I have said thus far applies to the general mass of the people, who are either members of the middle class in fact, or are dominated by its psychology whatever their position in life. There are, as I have already mentioned, some enormously important exceptions, which need to be discussed separately.

First of all, "big business" is in general bitterly opposed to most of

the plans of the Roosevelt administration. Large industrialists object to what they regard as its pro-labor attitude, even though at the same time some elements in the labor movement are opposing it because they feel it is not sincere in this position. Large employers welcome what has been done in the way of relaxing the anti-trust laws, and reducing the amount of cut-throat price competition; but they do not feel that such developments offset the general aura of "dangerous radicalism" with which they believe the administration is tainted. The leaders of finance on the whole are likewise against the administration, on the ground that it is putting, or intends to put, too sharp restrictions upon finance, banking and stock exchange operations. They are conducting a strenuous propaganda against the Securities Law and the bill for regulation of the stock exchanges; and their public comments on the undesirability of these measures are mild compared to their private remarks about the "sins" of the Roosevelt administration.

It is perhaps significant that of late criticism from these sources has become far more open, and far sharper in its terms, than in the past. This is no doubt partly because recent items in the President's program have proved even more disturbing to big business than his earlier policies. There is little doubt, however, that it is also in part actuated by a feeling that "the honeymoon is over" and that it is now possible to attack the President without being overwhelmed by the indignation of his admirers. (This may seem to contradict what I have said above, in regard to the continuing and extending popularity of the President among the masses of the people; but in my judgment the contradiction is not a real one. The explanation is that in the critical months of 1933 swift and united action was deemed imperative to save us from catastrophe, and criticism seemed like rocking the boat during a storm. This feeling no longer exists in the general mass of the population. While they admire the President as much as, or more than, before, they now feel that the crisis is past and that criticism which might have been fatal in March or April, 1933, is permissible today.)

Another important element in the country which is sharply critical includes large numbers of small retailers. Their criticism is, again, directed toward the NRA and not toward the President. Many such retailers with whom I have talked feel that the NRA codes have put an impossible burden upon them and have discriminated in favor of the larger stores. Retailers in small towns have complained that they were losing business to the larger establishments in near-by cities, because, they said, they have been forced to raise prices in order to meet the changed conditions under the codes, while the larger stores had juggled working hours and had been able to absorb the increased costs. Recently, the NRA has sought to meet this situation by setting up special conditions in the smallest communities. It has not, however, solved the question for small stores in big towns, many of whose owners continue unenthusiastic or actively hostile. What applies to small retailers applies also, of course, to many small manufacturers. Their complaints include the charge that one section of the country benefits at the expense of another, and that certain products are favored over others with which they are in competition.

While much of the agricultural discontent has been allayed temporarily by the distribution of government

checks, this is not true for all the farmers of the country by any means. In the Middle West there are a good many radical farmers who are dissatisfied with their lot and demand action at Washington much more sweeping than the Roosevelt administration is likely to take. This is especially true among tenant farmers, many of whom claim that the domestic allotment plan helps the landlord but not themselves. Particularly acute is the situation in the South under last year's voluntary cotton-reduction plan. Many share croppers, both white and Negro, were turned off their land by the owners, who decided that there was more profit to themselves in letting the government pay them to keep the land idle than in allowing the tenant to raise a crop. As I write, it seems likely that this year's plan will be for definite allotments and a prohibitive tax on cotton raised beyond the quota in each case. Unless the rights of the tenant farmers are carefully safeguarded, their plight may be as bad as, or worse than, in 1933. Needless to say, the Roosevelt administration is not popular among the victims of this situation.

Next to the ultra-conservatives, the group which dislikes the New Deal most is the ultra-radicals. The Communists, of course, object strongly to Mr. Roosevelt and all his plans, on the ground that he is merely preparing the way for American fascism. This is the position also of many Socialists, although some among their number have been seduced by certain aspects of the Roosevelt program, and are inclined to be patient with the President on the ground tnat, however hesitatingly, he is moving toward a socialized society.

The situation among the progressives is more complicated. Most of them seem to approve at least certain aspects of the Roosevelt program—the AAA, CWA, Securities Act, and in general the work and attitude of Secretary Perkins, Secretary Ickes, Commissioner Eastman and some others of their school. The progressives are, however, increasingly critical of the NRA and General Johnson, on the grounds already cited. On the whole, I should say that the Roosevelt administration has in recent months been losing ground pretty steadily with most of the progressives. Communists, Socialists and liberals show an increasing tendency to argue that you cannot go half way toward a planned society and to criticize the President on the ground that he has not yet actually made up his mind whether he wants a planned society at all, except in a few minor aspects. They agree, in general, that the achievements thus far consist of a few repairs of the worst spots in a machine which is falling apart and needs to be rebuilt in its entirety.

This is perhaps the best point at which to mention the "verbal revolutionaries" who are to be met in Pullman smoking rooms, hotel lobbies, clubs and other places where Americans gather. Plenty of these persons may be found who declare firmly that things are very bad and getting worse, that all Washington is doing is totally inadequate to save us, and that "what we need is a good revolution." I do not doubt that behind this vocal unrest there is much more of the same general sort which does not find such easy expression: millions of persons badly hurt by the depression, angry and restless, swept away from their old anchorage and as yet unable to find a new one. They are no longer frightened by, or indifferent to, radical ideas as they were when the boom was at its height. Such words as "socialism" which formerly banged

shut the door of intelligence as soon as uttered, do not now have this fire-alarm effect upon many of them.

If some way could be found to canalize their feeling, they might become an important force. So far as I can judge, however, this has not yet taken place and as things are going, it is not very likely. Neither the Republican nor the Democratic party offers them any hope and to most of them the various Fascist groups evidently seem ludicrous mountebanks. Even though they are no longer so much frightened by radical phrases, they still find the Socialist and Communist parties somehow foreign to their ways of thinking, and themselves markedly ill at ease at gatherings of these groups. Being practical and opportunistic, they have no desire to wander out into the desert with any "third party," doomed to remain a hopeless minority for long years to come. It is my guess that the dynamite in this group is destined to mildew away—unless things get so much worse that action becomes imperative.

When we turn to the conservative wing of the American labor movement, we find a curious and complicated situation. Labor is grateful for Section 7-A of the NRA, which has made it possible for the conservative trade unions to add many hundreds of thousands of members to their ranks in a few months. They are unhappy, however, over the failure of the Recovery Administration to do very much for wages except among people who were receiving less than $12 or $13 a week, and they are alarmed over the rising cost of living which has left the average union man certainly no better off than he was last June and in many cases with somewhat decreased purchasing power. Labor is also dissatisfied with the feebleness of the National Labor Board, and the administration generally, in fighting those industrialists who insist on maintaining an open-shop or company-union policy. While prophecy is always precarious, I should say that in order to continue to hold even the nominal allegiance of the conservative wing of labor, the administration in the near future must take definite and drastic steps to remedy existing conditions.

In making a list of those who for various reasons are at present unfriendly to the administration, one must not overlook a considerable portion of the daily press, which has had a sharp quarrel with Mr. Roosevelt over the newspaper code. But a survey of papers in all parts of the country shows a division on this matter which is pretty much along pre-existing lines. The dispute, however, has served to sharpen these lines and deserves mention for that reason.

Another group, many members of which undoubtedly feel sharp hostility toward the Roosevelt administration, includes the millions of persons who have recently been recipients of Federal money, as members of the CCC, the CWA, &c. There is ample evidence that very large numbers of these persons have been dissatisfied with conditions. Some of them have felt that their pay was inadequate, or that they have been employed at lowly tasks when their training qualified them for something better. Some have charged that certain groups have been better treated than others of equal status. As perhaps only to be expected, part of the young men in the CCC camps have grumbled about the quality of food, the strictness of discipline, the character of work, and so on. The announcement that the CWA was to be suspended by May 1 brought floods of angry letters from

individuals who were employed under it and feared, perhaps prematurely, that they would now be turned out to starve. Students of politics know that in the election of 1920, the overwhelming Democratic defeat was to a large extent the result of hostility by disgruntled soldiers and their families. The Federal Government lately has been taking care of an army of unemployed a good deal larger than the military force which it recruited in the great war.

In seeking to evaluate the degree of unrest in the United States at the present time, one should not fail to take note of the various American Fascist organizations which have developed in recent years. Most of them do not, of course, indicate direct antagonism to the Roosevelt administration and policies; but all of them reveal the existence of groups profoundly dissatisfied with the predominant conditions in American life, either under Mr. Roosevelt or his recent predecessors in the White House. How many individuals are now affiliated with such organizations it is impossible to say, but their numbers are certainly important. While the Ku Klux Klan has dwindled enormously from its peak of nearly 3,000,000 members, it is still of significance in certain parts of the Deep South. The Silver Shirts claim 2,000,000 members. The White Shirts, or Crusaders for Economic Liberty, boast of an equal number. The National Watchmen state they have 500,000 members in one city alone, and many more in other communities. The Order of '76 has boasted of enrolling new members at the rate of 200 a day. Even Art J. Smith's Khaki Shirts talked at one time of 1,500,000 members.

It is safe to assume that nearly all these claims are wildly exaggerated; but it is certainly true that in combination these organizations have a considerable body of members, all of whom must be placed definitely in the category of persons dissatisfied with the present organization of American life. Some of them are openly Fascist in character and their leaders express warm admiration for Mussolini or Hitler, or both. Several of them have a pronounced military tinge, and talk of "The Day" when they will, presumably, take over the government of the United States by force.

To sum up, then: While there are numerous groups in the United States, some of them important, which are more or less violently in revolt against the Roosevelt policies, it is not correct to say that there is *a* revolt. Most of the elements which oppose the President are also opposed to one another; they are incapable of uniting upon any alternative program, and until they can, the influence of most of them need not be taken very seriously. The big industrialists and bankers will undoubtedly do everything they can to get a safe, conservative Republican nominated and elected in 1936; but these have always in the main been Republicans, anyhow. It is obvious that a prompt and definite return of prosperity would greatly weaken, or destroy, the hostility of most of the groups I have enumerated.

But suppose prosperity does not return? Or suppose it comes back temporarily, to be followed (as many economists believe will happen) by another bad slump? If I am not departing too far from my editorial rôle, I should like to observe that in my judgment we are then in for a really serious attempt to develop an American fascism and, in one way or another, to get control of the country in its interest.

The World at War for Trade

By Gardner Harding
Former Secretary National Foreign Trade Council

On Feb. 13, 1933, in one of his last official utterances as President, Mr. Hoover dwelt particularly on the dangers of economic warfare. "During the past two years," he said, "the crash of one foreign nation after another under direct or indirect war inheritance has dominated our whole economic life." Other nations, he added, "have in turn sought to protect themselves by erecting barriers, until today as the result of such financial breakdown we are in the presence of an incipient outbreak of economic war in the world, with the weapons of depreciated currencies, artificial barriers to trade by quotas, reciprocal trade agreements, discriminations, nationalistic campaigns to consume home-made goods, and a score of tactics, each of which can be justified for the moment, but each of which adds to world confusions and dangers. * * * We will be ourselves forced to defensive action to protect ourselves unless this mad race is stopped. We must not be the major victim of it all."

Today the world is in many ways vastly different from the one which the new President found a little over a year ago in active economic degeneration and, so far as the United States was concerned, under the very real shadow of impending bankruptcy and panic. American world trade policy has been forced, by reason of the salvage operations required at home, to wait almost a year for the opportunity which at length was grasped in President Roosevelt's policy of liberating commerce through reciprocal trade agreements. This bold and statesmanlike program may bear a fundamental share in correcting the errors which since the armistice have piled up causes of war and perpetuated a rancor and discord among the nations that utterly prevented and frustrated common action either to avert or to mitigate the depression. Under the Republican régime American policy never countenanced such common action or such leadership as might be expected from the nation which within its own borders does almost half the business of the world.

This affront to international action is directly attributable to the system for which Mr. Hoover spoke when he dreaded the advance within the United States of anarchy arising from unsettling foreign conditions. If we are to take that unsettling system at its peak, we must cast our minds back to that day when, in September, 1929, brokers' loans on and near the New York Stock Exchange amounted to $8,500,000,000, of which more than $3,000,000,000 represented foreign capital stripped from productive enterprises all over the world and laid as a wager on the tremendous hazard of Coolidge-Hoover prosperity. Less than two years later, in July, 1931, when that $8,500,000,000 had shrunk to $242,000,000, or by 97 per cent of its former volume, we could measure the tremendous part we had caused in letting money rush in aimless panic

from one country to another, spreading havoc and destruction, in Mr. Hoover's own phrase, "like a cannon loose on the deck of the world in a storm."

Even if the Roosevelt administration, in its resolute and centralized policy, is at last beginning to reassert American leadership in terms of good neighborliness consistent with our influence in the world, we still face an enormously serious condition. The picture of the world at war for trade is essentially no different either from the somber vision it presented when Mr. Hoover left office or from the despairing exclamation it wrung from Secretary Hull a year earlier, when in one of his last speeches in the Senate he said: "It is utter folly to discuss plans for military peace and ignore a state of economic war as it exists now and has existed throughout the world during much of the past ten years."

Since then the London Economic Conference has come and gone. Its effort was wasted in seeking agreement among the nations on trade matters, because it soon became clear that there must first be an accord on the international standard of exchange, the "stabilization" on the gold standard which had long been the mainspring of the Hoover policy. The dominant needs of the United States, however, absolutely forbade a fixed agreement unless it were based on our own freedom to restore the normal 1926 price structure. This issue, on which the conference was so dramatically wrecked, obscured the real reason for the disaster. Neither before nor during the conference did Great Britain and the other leading nations display any disposition to lead or follow in a policy of economic disarmament. The Ottawa Agreements, adopted in 1932, which were even then in some cases coming into effect, with still four years to run, were deliberately designed, not to free trade, but mainly to confine and restrict as much of it as could be controlled in the interest of the British Empire. This fact fatally militated against the stabilization of commerce upon which depends any stabilization of the monetary medium of commerce. The conference did not produce a genuine armistice, for no nation altered any of the rules of the game save by agreeing to a temporary truce in raising tariffs, and even this has been broken by not a few nations.

The origins of the present economic war require something more than the old familiar rivalry for markets to explain the sharpness and the continuity of the struggle. A new factor came into play after the war when nations had to take care of immense numbers of demobilized men on an impoverished credit structure. Instead of putting them back to work within a régime of rigid economy, European governments incurred vast expenditures which steadily pressed upon the national budget, and gradually made it necesary to curtail severely the imports customarily received from other nations. Thus, autarchy first made its appearance in Germany; Mussolini began his "battle of Italy"; France determined to increase the self-sufficiency of her food supply, and the smaller countries of Eastern Europe persistently dislocated normal trade by making official "barter" arrangements because of the arbitrary and costly trade barriers set up across the new boundary lines where previously, as in Austria-Hungary, for instance, there had been one large trading entity. The effects of these devices were quickly felt by other nations. The effort, now practically completed, of Italy, Germany and France to grow

costly foodstuffs to meet their entire home consumption, deprived the countries growing cheap foodstuffs, such as the United States, Argentina and the British Dominions, of a very large market. It produced no corresponding benefit except to give the countries a further assurance of self-sufficiency in time of war.

Yet this movement never lost headway. By October, 1926, it had advanced so far that the famous manifesto, issued by more than 200 of the leading bankers and manufacturers of Europe and the United States, could say of it: "It is difficult to view without dismay the extent to which trade barriers, special licenses and prohibitions since the war have been able to interfere with international trade and to prevent it from flowing in its normal channels. * * * There can be no recovery in Europe till politicians in all countries, old and new, realize that trade is not war, but a process of exchange, that in time of peace our neighbors are our customers, and that their prosperity is a condition of our own well-being."

The warning fell on deaf ears. Between the middle of 1926 and the middle of 1930 the nations of Europe, the British Empire and Latin America together effected fifty-seven substantial revisions in their restrictions on imports, of which only fourteen were even in a general direction downward. At this time it also became apparent that the old-fashioned tariff was inadequate to regulate trade and the demand arose for prohibitive restrictions, not mere equalization through customs duties. Even in this period of relative prosperity, fear rather than business adjustment became the impelling factor. France devised her deadly quotas, and even a liberally minded country like Czechoslovakia followed her example as it spread through Europe. Germany, faced by implacable demands for redressing her trade balance, yet unable to increase her exports in this iron ring of restrictions, placed prohibitive import duties on American automobiles, and later on automotive parts. Temporary duties of several hundred per cent were imposed on office appliances simply because, on looking at the list of imports, they appeared substantial enough to permit a desperate Minister to make a striking slash somewhere. Oppressed by all these obstacles, international trade in 1926 reached only the same volume as in 1913. In the proportion that international trade had sustained large sections of the population before the war, its loss appeared particularly in Great Britain in a crushing weight of unemployment and in the demoralization both of the taxpayer and of the unemployed masses under the dole.

Despite the steady growth of *separate* interest among the nations in world trade as opposed to *self* interest, Aristide Briand tried to gain acceptance for his conception of customs unions centring in a United States of Europe, but in vain. Every nation steadily pursued the path of increasing obstacles to the normal trade expansion. New rivalries and dangers appeared. Germany passed France in 1926 as an exporting nation, and by 1930 was again the formidable rival of Great Britain. Japan made the greatest proportionate trade advance of any nation, and Canada and the other British Dominions shared with the United States an immense new share of the world's business which steadily carried the war for trade from European markets into new regions. South America in particular became the prize. The United States poured $5,000,000,000 of investments into Latin America, equal-

ing the long-standing stake of Great Britain, and in the late Nineteen Twenties began to sell more goods to these twenty republics than our three trade rivals, Great Britain, France and Germany, combined.

We bought on the same scale, though nowhere nearly enough to offset the credit we poured in, casting into the rich new fields of world trade over $1,000,000,000 a year in investments between 1922 and 1930 and circumventing foreign tariffs and restrictions by building abroad factories which produced $100,000,000 worth of commodities. At the same time, the United States adopted a tariff which made 890 increases, compared with 235 decreases, on a total number of 3,220 dutiable items, and raised its customs schedules so steeply that a committee of the League of Nations, after a long and conscientious study, declared that it now possesses the highest tariff of any country in the world except Spain.

Although the United States, by its tariff policies, neither instigated the economic war nor directly brought on the depression, the two principal revisions of its tariff undoubtedly contributed at important turning points to the intensification of the evils of the post-war era. The two principal European reasons for action, a much more actual fear of war and a comparatively circumscribed national economy, are both absent in the case of the United States. More than fifty nations were prompted to erect retaliatory tariff provisions aimed directly at the United States for the perfectly understandable reason that not only had it taken an untenable economic position but that it had no fundamental reason in self-interest and self-preservation to justify so extreme an insistence on selling without buying.

The United States, largely because of the heavy penalties it suffered in the loss of its foreign trade, has probably felt the depression more severely than any other nation. A great deal of nonsense prevails regarding the small proportion our exports bear to our total annual production. A nation with a vast productive output such as ours—$52,000,000,000 in 1929—needs to be affected in only a small but vital part of its economic structure to dislocate it as a whole. Our automotive output, like our export total, amounted to a little over $5,000,000,000 in 1929. Yet that vast industry cannot be reduced in output by 70 per cent, as was actually the case, without damage in all parts of the country and to hundreds of related trades and industries. So it is with our export business, which is as great as any single industry. It is no less vital to half a dozen of our leading agricultural commodities, and not susceptible of adjustment without putting out of cultivation between 50,000,000 and 60,000,000 acres of land and reducing the incomes of more than 2,500,000 heads of families.

Recovery in the case of the United States, therefore, as in that of practically every other nation, greatly depends on the restoration of markets for something approaching normal export trade. Yet more than 12,000,000 tons of ships, those which carried the world's commerce four years ago, are lying idle at their wharves. World trade is only 40 per cent in value of what it was in 1929, and allowing for differences in prices not much more than 60 per cent in volume. Nor can other countries permit this stagnation to continue. Great Britain depends on selling 25 per cent of its production abroad, Germany 30 per cent, Canada up to 35 per cent, the South American countries from 30 to 50 per cent, Australia 30 per

cent, New Zealand 40 per cent, and Japan from 40 to 60 per cent. If there is only room in the world's slowly expanding trade for a few countries to win back a major proportion of their losses, then we shall see, as we do now, an intensification of the pre-depression rivalry for markets.

In five countries outside the United States the will to gain markets is at present most fully armed and most swiftly proceeding. These, in the general order of their disregard for economic peace and their will and capacity to exploit the present disorder for their own purposes, are Great Britain, Japan, France, Germany and the Soviet Union. It is not for us to say that these nations are committing breaches of international comity in trade relations which the United States has not itself committed in the past or would not commit in the future. Our record is no different from that of our rivals; our isolation has, indeed, offended them most, and none the less sharply because the affront has largely been selfishly unconscious on our part.

The first requirement of economic peace today is that the United States and Great Britain come to an understanding. First, there is the breach over the stabilization of exchange. The two governments at present each have a stabilization fund of about the same amount, with offensive and defensive powers hardly differing in essence from the purpose of their respective navies. The action of the British in July, 1933, in suddenly converting $133,400,000 in gold dollar bonds into sterling at a discount of 100 points, or a dollar in the pound, coincided with the halt of the rising prices which had steadily continued in the United States since March. The Stock Exchange had its fourth busiest day on record, a day of panic. The pound dropped from $4.85 to $4.58 within two days. Wheat and cotton prices fell from 10 to 20 per cent before the end of the month. The vigorous revival of prices, of carloadings, of general production in the United States, was definitely suspended and changed again to a decline, not to be reversed until late in the Fall.

Though many other factors coincided in this event, hundreds of thousands of Americans realized that our policy was at odds with the British. The confirmation of that view by the failure of the London conference, before which at that very time Secretary Hull was fighing his courageous battle for a world limitation of trade barriers, was accordingly less of a surprise. But other deeper issues have come between the two nations. The long-delayed program of imperial preference has at last, after a generation of liberalism in Great Britain, been put into effect, and with it a fully implemented domestic tariff system, sharply separating British trade policy from the rest of the world. The result has not been so much actual damage to American trade as the withdrawal of support by the British for trade-recovery measures save as they are narrowly limited for their own benefit. Under the Ottawa agreements Canada must import, for example, oranges from South Africa instead of from California and Florida, and give an increasingly substantial preference to manufactured goods from British factories 3,000 miles away instead of from across our so-called "undefended" frontier. The same preferences applied throughout the British Empire strike the United States first and foremost, and it is estimated that our loss of trade, through the present operation of these agreements alone, amounts to $50,000,000 a year.

It is reasonable and logical that ultimately the American and British

currencies must hold a common level. Nine at least of the world's fifteen primary commodities, particularly cotton, wheat, tin, wool, jute, and to a large extent rubber, have their world prices set on the London market in any case. But prices are made by trade and not by money, and our disparate trade policy must yield to conciliation before we meet on the currency level. Yet in Argentina and Brazil, the prime markets of our competition, Great Britain demands a favored policy from the first nation as its largest customer and an equal standing with the second, where our purchases create most of the exchange. This is due not so much to the British people themselves as to the triumph of the present nationalistic coalition government. But it is just such aggressive national impulses that darken the world with war clouds. That Great Britain should have adopted such a disturbing conception of national policy is perhaps the most disquieting factor in the present outlook for world economic peace.

Japan is to most business men the greatest danger in the present situation. In the middle of 1933 the report that Japan had increased exports by 50 per cent when other nations were still counting diminishing returns, even in comparison with 1932, sent a thrill of apprehension throughout the world. Essentially, Japan's concentration on exports is somewhat like that in the United States in 1915, when it was said that 75 per cent of our export trade, except in raw commodities, was in the hands of from twelve to fifteen large firms. Eight family companies, led by the big three, Mitsui, Mitsubishi and Sumitomo, are said to command more than 52 per cent of Japan's financial capital. Manufacturing, shipping, banking and government aid are more nearly an integrated whole than in any other country. When, in 1933, Japan challenged Great Britain's position in textiles and engaged in a trade war with India, the most dramatic commercial conflict of the year, the step was taken in the full conviction that Japan was ready for and could hold this substantial trade conquest in the same sense that Japanese armies could hold Manchuria. Steadily, she is making inroads in Latin America and, indeed, is threatening one field after another of our own home market with cheap manufactured goods.

But Japan, unlike Great Britain, must buy enormously from foreigners for her basic needs. Forty per cent of her imports come from and 40 per cent of her sales abroad are to the United States. Our cotton, iron and steel, oil, wheat and lumber are her necessities. Currency depreciation has produced a comparative boom in Japan's exports. While other nations between 1929 and 1933 were suffering trade losses that reduced their exports to 40 per cent of their former value, Japan's trade, in yen, remained within 86 per cent of its former peak in 1929. But the figures in gold tell a different story. They cancel the entire increase in trade between 1932 and 1933 and show, in spite of the fears Japan has been causing, that her real loss in export trade calculated on a gold basis has been fully as great as the average for the rest of the world, or about 63 per cent. In other words, Japan cannot afford to be out of line with the rest of the world in the depreciation of her currency. The statistics for 1933 showed that the flood of her cheap products to the United States amounted to more than $100,000,000 less than the products she had imported from the United States. The aggressive trade policy of Japan is, therefore, much less one of the world's

present dangers than that of Great Britain. It is Japan's international policy of adventure and mastery, her vast ambitions in Asia, that make her relatively unaccountable on the side of economic peace or war. In trade she will advance steadily, but under great handicaps.

France and Germany, raising the policy of self-sufficiency to a level unprecedented in our time, have engaged in continuous economic war with each other and with the rest of the world ever since the armistice. France, in defense of her policy of opportunism and her quota system, is embroiled at present with both Great Britain and Brazil in a maze of retaliations and provocations disrupting trade. On every occasion she has been the first to act. She made the first exchange agreements in South America and, characteristically, has already prepared the first trade treaty with Manchukuo. She has applied the most stringent pressure to American trade of any of our competitors, in method if not altogether in effect. With exports steadily declining, French business men have vainly endeavored, by national conferences directly appealing to the government, to reduce the area of the conflict in the name of French foreign trade. But, as in Germany, the tendency has been, and continues to be, in the opposite direction.

Germany differs from France in maintaining the system of unconditional most-favored-nation treaties, and a similar agreement will probably have to be part of the understanding between the United States and Russia. Though the devices to undermine agreements of this kind to "treat all alike" have multiplied during the years of depression and panic, such agreements nevertheless constitute a marked difference in German and Russian trade policies from those adopted by other countries. Yet we must regard as sources of danger both Germany, bent on recovering her position in trade with South America and Asia, and Russia, at war with the world over her fundamental economic system, and again facing the forward march of Japan in a trade belt where lumber and fisheries may again lead to rivalry and war.

Into this world, darkened by the clouds of distrust and discord, and still afflicted by immense human suffering due to depression, comes hope from a man enunciating a new policy for the United States. "You and I know," said President Roosevelt in his message of March 2, "that the world does not stand still; that trade movements and relations once interrupted can with the utmost difficulty be restored." Can this courageous program of initiating restoration by compacts of reciprocal trade, drawn in fairness to other nations and as an instrument of recovery for our own people, scatter the war clouds now hanging over world trade? Can a blue patch of international cooperation appear in this clouded sky, even as little as a man's hand? On the answer to these questions one of the most critical phases of the world's recovery from the depression will depend.

Mr. Hull Persists

By WILLIAM HARD
Washington Political Correspondent

LAST year in London at the International Monetary and Economic Conference things never looked darker for Mr. Cordell Hull, our Secretary of State—and his life-long specialty, tariff reform—than they looked then. Yet he remained imperturbable.

I remember him, in particular, on a certain evening, when he was about to broadcast back to the United States. A journalistic colleague of mine had written a most drastically blistering article against Mr. Hull and all his diplomatic associates and the whole Democratic administration in the European edition of an American newspaper. In this article Mr. Hull was the hopelessly ineffective head of a hopelessly foolish endeavor. Mrs. Hull, in a properly wifely manner, had taken the article and had buried it in a wastepaper basket. She had then left the room. Presently, in company with broadcasting people and some other harriers of public men, she reentered it. We observed a spectacle of Buddhistic repose. Mr. Hull had retrieved the offending newspaper from its burial urn. He had turned to the obnoxious article. He was reading it with an expression on his face of rapt peacefulness. I ventured to feel sorry if my colleague's observations had caused him pain. Mr. Hull replied that in public life one must expect to be attacked. It was an expectation, he said, in which one was never disappointed. What was one more attack? There would be hundreds of other attacks yet to come.

Thereupon we all went over, in the dead of the night, to a studio of the British Broadcasting Corporation, and Mr. Hull delivered to the United States a strong oration full of confidence that some time—some time—high tariff duties would come down all over the world. At that very moment they were probably showing more resistance to coming down than in the whole previous course of Mr. Hull's protracted dealings with them. Even Great Britain, practical originator of modern free trade ideas, had privately but pointedly told Mr. Hull that lower tariff duties were at this time an impossibility. Yet Mr. Hull talked into the microphone that night with all his old accustomed resolute impassiveness.

This was for many reasons. One of them was, and is, that Mr. Hull is no political amateur. Men new to public life are usually easily discouraged. Mr. Hull is far from being new to it. He was about 17 years of age, in Pickett County, Tennessee, in the northern middle part of the State, among rough hills, when he contrived to save up some $30 out of doing chores for his father and other farmers. This $30 he spent on hiring a horse and buggy wherewith he drove the Governor of the State on an electioneering campaign all through Pickett County free. Thus Mr. Hull paid his first tuition fee in his high, wide and deep political education. By 20 he was through college and also in possession of a law degree.

Even at 20, Mr. Hull was already not only a driver for officeseekers but

himself an officeseeker, and a successful one. At 19 he had sought and had gained an election as delegate to a Democratic party State convention. That was in 1890. And from that time onward to the time when he was the chief American delegate at the International Monetary and Economic Conference in London he held public office almost continuously, as a member of the Tennessee State Legislature, as a local Tennessee district judge, as a member of the Federal House of Representatives, as chairman of the Democratic National Committee, as a member of the United States Senate and as United States Secretary of State. By 1933, in London, he had known the projects and the collapses and the revived prospects of public party life for forty-three years.

That is one reason why in London he could remain calm. That is also the reason why it has been always fairly safe to calculate that he would outlast some of the more hectic youngsters in the Roosevelt administration. He learned political patience at polling-places while they were studying inflammatory instant statistics in libraries. Another reason why Mr. Hull did not have hysterics and start breaking all the dishes on the conference table at London is to be found, apart from his political experience, in his temperament. He did not politically resign because he is just naturally full of emotional resignation all the time. If ever a man in our public life had the Christian quality of being "long-suffering," it is Mr. Hull. He is serene within and therefore inexhaustibly enduring without.

To these reasons now add his economic faith. That is the final cause of the persistence which kept him unbroken at London, which sent him subsequently over all uprising discouragements to Montevideo, and which sustained him in Washington (upon his return from Montevideo) till the "self-sufficient nationalism" of a part of the administration began to break under the pressure of his part of it and of developing circumstances.

But what is this economic faith of Mr. Hull's? Its most famous outward manifestation is his low-tariff doctrine. But that doctrine is only a segment of a larger philosophy. Mr. Hull, the principal author of our national income-tax law and the principal author also of our national inheritance-tax law, is nevertheless, or accordingly, a fundamental believer in basic economic individualism. What he thought, and thinks, of economic governmentalism he plainly indicated in a speech in the Senate on March 24, 1932, when he summed up his views by quoting a famous passage from the writings of the great old-style economist, Professor William G. Sumner of Yale. Mr. Hull, denouncing "the present-day spirit of paternalism and plunder," quoted from Sumner incisively and approvingly as follows:

"The government is to give every man an office. It is to give every man a tax to raise the price of his product. It is to clean out every man's creek for him. It is to buy all his unsalable property. It is to provide him with plenty of currency to pay his debts. On every side the doors of waste stand open, and squander and grab are the watchwords. Who pays for it all? Wealth comes only from production, and all that the wrangling grabbers and loafers get to deal with comes from somebody's toil. Who, then, is he who provides it all? Go and find him, and you will have before you the forgotten man."

It is evident that Mr. Hull's identification of the forgotten man is considerably different from that of a large

section of the rest of the Roosevelt administration. Mr. Hull in the House of Representatives voted repeatedly against that tremendous instance of economic governmentalism and of "planned economy," the McNary-Haugen Farm Relief Bill. Mr. Hull was representing a wholly agricultural district. In it there were no cities and not even any really big towns. Mr. Hull, nevertheless, voted against the supreme alleged farm-relief measure of the post-war period at a moment when his constituents were full of justified complaints as to their impoverishment and destitution. Mr. Hull sympathized with them, but inflexibly held that the way out was not through governmentalized intervention in the processes of business but through the restoration of fair and just trade between individuals within the country and between individuals dwelling in different countries. To be of help in accomplishing that restoration had been Mr. Hull's one personal political ambition from the time when, as a boy of 17, he had read in 1888 the Presidential campaign speeches of Grover Cleveland printed *in extenso* in Pickett County's weekly newspaper.

For one further moment, then, consider the tragic strain put upon his fortitude in London. Back of him, in Washington, the AAA, the NRA, the PWA, and all the other governmentalizing collectivistic heresies against his individualistic economic faith! Before him, in London itself, the British Minister of Agriculture, Walter Elliott, with his "quantitative regulation" of imports and his apparent dominance of the international economic future with that governmentalizing restrictional system! Behind, in front, foes that could not be stopped, fields that could not but be lost. And the last drop of bitterness in his cup of conscious defeat must have been then the thought of the international-conference resolution which he had introduced into the House of Representatives in December, 1925. In that resolution Mr. Hull had advocated a "Permanent International Trade Congress." It was to consider all international trade practices which were "discriminatory" or which were "unjustly injurious" or which were likely to create "destructive commercial controversies." It would consider these practices and it would abolish them and it would produce economic peace and economic prosperity throughout the earth. Here in London was that "Trade Congress," in temporary form. And, instead of producing more economic reconciliation, it was producing more economic wrath and conflict!

If Mr. Hull had returned from the London conference and had crept into a shell in Washington and had become a political mollusk for the rest of his life, he could hardly have been blamed. I count it a case of the most extraordinary resiliency and of the most extraordinary preservation of personal and political faith that Mr. Hull, upon returning from London, set off for Montevideo. Secretaries of State of Latin-American countries warned him against coming. They said that the International Conference of American States at Montevideo was a predestined failure. They said that—most especially—it was certain to expose the United States and Mr. Hull to infinite humiliation. They suggested that the conference should be canceled. Mr. Hull rejected that suggestion. He does not know bravado and he does not know fear. Beaten to a pulp in London, he staggered to fight again at Montevideo. And it was the turn of his fortunes.

As soon as he reached Montevideo he did an unprecedented thing. He started to call on every other delega-

tion there present. This act of his was received with amazement 'and with immense satisfaction. Mr. Hull was the chief delegate of the mightiest nation of the Western Hemisphere, of the "Colossus of the North." Yet observe his companionableness, his humility! He would start off with his State Department colleague, James Clement Dunn, as his interpreter, and proceed to a hotel. He had sent no word of warning ahead of him. He would ask the hotel clerk for the room number of the delegation—Colombian, Peruvian, Guatemalan, or whatever—that he wished to see. He would proceed to the room. He would knock at the door. He would be admitted. He would announce himself. The Secretary of State of the United States has come to call.

His hosts would be vastly astonished; and then his conversation would astonish them still more. Mr. Hull would remark that the nations of Europe in the conference in London had failed to produce economic peace. He would suggest that thereupon a great field of opportunity was left open to the nations of the Americas. He would express the view that it was for the nations of the Americas to exhibit to the whole world a new high level of international amity. He would explain to his hosts that the United States was determined not to land marines in Cuba and determined likewise to withdraw them from Haiti. He would explain that armed intervention by the United States in Latin America was a thing of the past. He would then suggest that, doubtless, his hosts would like to return to their country with some record of accomplishment to report to their people. He would himself like to have some little shred of progress to report to the people of the United States. What more suitable for this purpose than the passage of a sincere resolution looking forward to an ampler international trade and thereupon a richer national prosperity for all the countries, northern and southern, between the Atlantic and the Pacific?

These conversations had a prodigious psychological success. Within a few days Mr. Hull, instead of being the representative of Yankee imperialism, was the spokesman of a common comradeship. "If there is anything that you want to take up with me," Mr. Hull would say, "just telephone to my hotel and I'll come right over." It took a genuine politician, accustomed to house-to-house canvasses for re-election, to do that sort of thing. It also, most especially, took a homespun politician from a country district. It was Pickett County that conquered Montevideo.

The Cuban delegation had arrived in Montevideo to make all kinds of complaints about the United States in its relations to Cuban despots and to Cuban revolutions. These complaints fell harmless from Mr. Hull's armor of pacific policy and of sudden intense personal popularity. Mr. Hull was able to convince the conference that the United States intended absolutely no intervention whatsoever in Cuba. Mr. Hull had been a captain in a Tennessee infantry regiment in the war against Spain. He was reminded that he himself had borne arms for the liberation of Cuba. One of the most striking facts in Mr. Hull's character as a citizen is that he seldom if ever remembers his adventures as a soldier. I have never heard from him one reminiscence of his Cuban campaigning. Yet he acquired then a sentiment which has persisted into his Secretaryship of State. He took part in our 1898 determination to create a *Cuba Libre*. As Secretary of State

he is determined ultimately to create a *Cuba Libre* which shall be as free from us as from Spain. It will be appropriate, indeed, if the Platt Amendment, under which we hold Cuba in leash, shall be repealed—as it is likely to be—through the efforts of a man who thirty-six years ago, in his youth, helped to liberate Havana from Madrid.

Also, at Montevideo, there was Dr. José Manuel Puig y Casauranc of Mexico, who seemed earnestly to think that Mr. Hull could do something to diminish the debts owed by Latin-American countries to United States investors. It was only the moral confidence of Montevideo in Mr. Hull that enabled him to persuade the conference that he had no such power.

Further, at Montevideo, there was Dr. Carlos Saavedra Lamas, Secretary of State of Argentina, who was the possessor of a special new "peace pact" of his own composition, which was his principal political asset both among the home folks in Argentina and in international society in Latin America. Our Government, just before our last administration went out, had turned a rather chilly deaf ear to this pact. Mr. Hull accepted it gladly, on the theory, I think, that we cannot have too much peace or too much cooperation with Argentina and its statesmen.

It then became possible for Mr. Hull to do two things. The first was to persuade the conference to pass an international trade resolution which indeed committed no country to any immediate specific action, but which held up before humanity—as nothing done at the London Conference held it up—the chart of the world's future necessary development toward more harmonious and more profitable international commercial relationships. The second was to return to Washington with the assured consciousness that a new era of inter-American good-will had been opened and that this good-will could some day lead to an inter-American commercial system preceding Europe on the road toward world-wide commercial peace.

In Washington Mr. Hull found the NRA and AAA "nationalistic" systems of "social control" and of "production restriction" failing to restore the full round of normal prosperity. He found the President at last willing to turn toward active measures for the swelling of foreign trade, inward and outward, through "reciprocal trade treaties." He soon saw the President sending a message in that tenor to the Congress. This message has been widely regarded as a great personal triumph for Mr. Hull. I think it right to say that it is surely not more than a semi-triumph. It is true that Mr. Hull, even before he became Secretary of State, had begun to advocate "reciprocal trade treaties." They, nevertheless, with their unavoidable commitments to one country and not to another, are but an imperfect embodiment of Mr. Hull's international economic philosophy. They could even involve a distinct menace to it.

The President has requested Congress to permit him, in the course of negotiating "reciprocal trade treaties," not only to move tariff duties down, but also to move them up. He requests power not only to advantage foreign countries, but also to disadvantage them. He requests, that is, a power which can be cooperative, but which also can be combative. He requests a power for economic peace, but also for economic war.

This is quite contrary to Mr Hull's ultimate purpose. Mr. Hull once introduced into the Congress a bill for

repealing even the much more moderate tariff-duty-raising and tariff-duty-lowering power at that time already conferred by Congress upon the President. Mr. Hull's ideal would call for no raising whatsoever of tariff duties and for a general gradual but earnest lowering of them to the goods of all foreign countries without discrimination. "Reciprocal trade treaties," from Mr. Hull's point of view, can be regarded only as dangerous inescapable measures in dangerous transitional times, adopted in the hope that they will lead presently to universal measures of general economic pacification. That Mr. Hull will keep on pressing toward such ultimate measures is undoubted. As a politician he will accept the half-way better. As a statesman he will continue to preach, as he sees it, the full-way best.

On this point I not long ago heard him make a remark which was at once pathetic and magnificent. He was talking of the strong bent of this age toward ingrowing "economic nationalism" and of its forgetfulness of older internationalistic doctrine. He then said: "I often think of the lights shining from monastery windows into the darkness of the early Middle Ages. The ancient writings were forgotten outside. The monks were sitting up, copying them, copying them. People outside paid little attention or no attention. But the monks copied and copied and preserved the wisdom of antiquity, and at length it came out upon the world to change it into modern times. Somebody must keep on copying and keep on uttering the wisdom, the proved wisdom, of immemorial experience. Even if he is not heeded now, he will have kept the light of truth somewhere alive."

That Mr. Hull may be able to spread that light in economic matters even to Europe, and even to his own countrymen, is a possibility that grows not only from his intense intellectual devotion to it, but also from the extraordinary and steadily expanding affection with which now the whole diplomatic world looks upon him. In the State Department in Washington and in the diplomatic corps in Washington his influence displays continuous enlargement, not only through the pressure of his arguments, but even more persuasively through his personal characteristics. In the State Department nobody fears to enter his office and hold converse with him; and in the diplomatic corps everybody is content with his novel notion of diminishing the number of diplomatic dinners given by the Secretary of State in order to set more evenings free for study and reflection! The simplicity of the man is accumulatingly appreciated by both natives and foreigners. Perhaps some day he will return to Europe and wipe out the defeat of London with a victory somewhere else. Who can say? He is still the same persistent Mr. Hull.

Austria and the Peace of Europe

By NICHOLAS ROOSEVELT
Former United States Minister to Hungary

THE month of quiet in Austria that followed the civil war of mid-February does not mean that the Austrian question is settled. Far from it. The fate of Austria still remains to be determined. Today, as so often during the last 150 years, the peace of Europe depends on what happens in Austria. Will Austria remain independent, or will it be annexed to Germany? If it retains its political independence, would it become a tool of Italy in the struggle for power in Eastern Europe? Will it be joined with Hungary under a common king, the Archduke Otto, heir of the last King-Emperor, Charles? If the Habsburgs are restored, what will happen to those "succession" States, Czechoslovakia, Yugoslavia and Rumania, which have today so much of the territory of the former Habsburg monarchy?

These and many other kindred problems arise in connection with Austria's future. They can be best understood by glancing briefly at Austria's past.

The old Austro-Hungarian Empire over which the Emperor Francis Joseph reigned for so many years differed from most of the States of Western Europe in that it was a conglomeration of many different peoples and races held together by loyalty to the person of the Emperor. There were eleven major racial groups in the old empire—Germans, Magyars (Hungarians), Italians, Rumanians, Czechs, Slovaks, Serbs, Croats, Slovenes, Poles and Ruthenians. From this list it is clear that a large proportion were Slavs.

These racial groups were separated by at least four major religious denominations—Roman Catholic, Greek Orthodox, Protestant and Mohammedan. There were in addition a substantial number of Jews. The religious differences played a large part in the social and even the political life of the empire, owing to radical differences in the traditions and types of civilization inherited by the different religious groups. This was particularly noticeable among the Southern Slavs, the Serbs being for the most part Greek Orthodox or Mohammedan, and the Croats and Slovenes being Roman Catholic. The result was that the Croats and Slovenes had long been under the influence of Western Europe, whereas the Serbs and the various inhabitants of Bosnia and Herzegovina were under the influence of Eastern Europe.

These different racial groups lived together in comparative harmony largely because of their loyalty to the old Emperor Francis Joseph. It is true that there had been violent racial quarrels even during his reign, but these were not strong enough to break up the empire. The rivalry between the Austrians and the Hungarians resulted in the formation of a separate Kingdom of Hungary which had its own government but had a common foreign policy and policy of national defense with Austria. The Austrian Emperor was separately crowned as King of Hungary. Hence the fre-

quent reference to Austria-Hungary as the "Dual Monarchy."

Francis Joseph, although a benevolent autocrat, and a hard-working and devoted ruler, had perpetuated an administrative machine that was in many ways still feudalistic. It had all the defects of an autocratic bureaucracy, but in spite of these defects it held together so long as he lived. Many students of Austro-Hungarian affairs had expected the empire to break up when he died. As a matter of fact it survived his death by two years, during which his grand-nephew Charles was Emperor-King. In November, 1918, Charles was forced to abdicate. He and his wife, the Empress Zita, and their children, of whom the eldest, the Archduke Otto, is the present pretender to the throne, moved to Switzerland. In 1921 the ex-Emperor made two unsuccessful attempts to regain the throne of Hungary. He was then exiled with his family to the island of Madeira, where he died in 1922. His widow and children are now living in Belgium.

The end of the war marked the end of the Austro-Hungarian Empire. Austria, which had formerly included not only all the German-speaking territories of the present Austrian Republic but also Bohemia and Galicia, as well as Herzegovina, Bosnia, Dalmatia and the region in the neighborhood of Trieste, was reduced to a small State of about 6,000,000 inhabitants, most of whom were German-speaking. Of these, 2,000,000 are in the city of Vienna and the rest in other industrial towns and in the mountainous rural regions of the Tyrol and of the provinces south of Vienna, bordered by the Karawanken Alps. Austria's lost territory was absorbed by four different States—Bohemia by Czechoslovakia, Galicia by Poland, Bosnia and Herzegovina and Dalmatia by Yugoslavia, and the region north of Trieste and south of the Brenner Pass in the Tyrol by Italy.

In Hungary much the same process took place. The present kingdom is only a third of its former size. Slovakia has been incorporated in the Czechoslovak State, Transylvania now belongs to Rumania, and Croatia and the southern countries have become part of Yugoslavia.

These territorial changes are at the bottom of much of the present trouble in Central and Eastern Europe. Without entering into the rights and wrongs of the peace treaties, and without weighing the contending claims of those who support and those who oppose the territorial provisions of the peace treaties, it must be noted that the geographical distribution of races in the territories of the former Austro-Hungarian Empire and in the surrounding nations is so complicated that it is almost impossible to draw frontier boundaries based on racial lines. As a result there are sure to be large minorities no matter what boundaries are drawn. The existence of these minorities is a source of friction. The main cleavage at present is, of course, between those nations which have profited territorially from the peace settlements, namely, Czechoslovakia, Yugoslavia and Rumania, and those which have lost territory, namely, Austria and Hungary. Italy, although a gainer of territory, is inclined to favor territorial changes in behalf of Austria and Hungary.

With this racial and political background in mind, it is easier to understand the confusion caused by injecting into the picture the possibility of uniting Austria and Germany. This was specifically prohibited in the peace treaties, because it would not only add 6,000,000 to the population of Germany, but would endanger the

very existence of the Czechoslovak State, which would be almost completely surrounded by Germany. By bringing Germany's frontiers south to the Italian Alps and eastward to Hungary, it would put Germany in the position of dominating all Eastern Europe and the Balkans.

Within the Republic of Austria the question of *Anschluss*, as it is always called, has been discussed academically ever since 1918. Many Austrians have contended that union with Germany offers the only possible means of survival for the little Austrian State. They claim that Austria's unbalanced economic situation makes it impossible for the country to survive as an independent State. They point out that Vienna and the other industrial cities cannot obtain enough food from the mountainous rural regions, and that the difficulty of finding markets for the industrial products of the cities is so great that the industries are doomed to slow extinction.

In spite of the sound reasoning behind this contention, the nations of Western Europe not only adhered—and still adhere—to their decision to prevent Austria from joining Germany, but they went so far as to authorize, in 1923, a large loan to Austria, whose finances were to be administered by the League of Nations. In this way Austria's economic life was given a new but artificial stimulus which kept it going for a number of years.

The world economic crisis of 1929-33 hit Austria particularly hard. It was, in fact, the bankruptcy of the Austrian bank, the Kreditanstalt, announced in May, 1931, that precipitated the financial crisis throughout Europe, and that crossed the ocean and finally led to the bank holiday in the United States a year ago. As conditions in Austria became worse, the economic and financial problem of surviving as an independent State became greater. Austria was forced to take extreme measures, such as declaring a transfer moratorium on all payments made abroad. She attempted, unsuccessfully, to borrow more money. She reorganized her banks and cut down (sometimes by drastic methods) the debts of these banks to foreign creditors.

Thanks to these measures, conditions began to improve in the Winter of 1932-33. In March, 1933, came the Hitler triumph in Germany, which had an almost immediate repercussion in Austria. The Pan-German party in Austria, which had never been particularly strong, was allowed to die, and in its place the Austrian Nazi party was formed. This party, under the direction of a handful of determined and efficient organizers, both German and Austrian, set about the building up of Nazi sentiment in Austria with the specific objective of getting control of the Austrian Government. Their avowed purpose was to make the State organization parallel that of Germany. Austria would retain its separate existence under a Nazi leader in close touch with Hitler so long as it was inexpedient to effect a union of the two States. At a favorable moment, however, it would be perfectly simple to declare the two States one.

The success of the Austrian Nazi movement, helped largely by radio propaganda from German soil, was so rapid that it soon became clear that unless it were checked the Nazis would shortly reach their objective. At this stage the figure of Dr. Engelbert Dollfuss began to loom large.

Dr. Dollfuss is at the same time the smallest and the youngest dictator in Europe. Born in 1892, he had an inconspicuous record in the World

War, and for years was a hard-working but little-known member of the Austrian Christian Socialist party. He became active in agricultural organizations, helping to build up the Peasants League of Lower Austria. In 1931 he was named Minister of Agriculture, and in May, 1932, became Chancellor, largely because he was such an unknown figure that he was not closely tied up with any faction in Austrian politics. He won the support not only of the Christian Socialists but of their bitter enemies, the Social Democrats.

The Christian Socialists represent the conservative elements in Vienna and are particularly strong in the rural regions. The Social Democrats, who are much more radical, were influential in the creation of the Austrian Republic and after the armistice in 1918 were in continuous control of the government of Vienna. Among their members were such well-known figures as Dr. Karl Renner, the first Chancellor of Austria; Dr. Karl Seitz, for many years Mayor of Vienna; Dr. Otto Bauer, extreme radical; Dr. Joseph Austerlitz, for years editor of the Vienna *Arbeiterzeitung*, and Dr. Hugo Breitner, the financial director of the Vienna Municipality. These men did much for the working classes and the unemployed in Vienna and had many laws passed to protect employes of all classes. They built a series of splendid municipal apartment houses which were famous throughout Europe. Their administration was in the main efficient and effective, although excessively costly.

In the early Spring of 1933, Chancellor Dollfuss lost the support of the Social Democrats when he dissolved the Austrian Parliament. At this same time it became clear that he had decided to establish a form of dictatorship. He disbanded the Social Democrats' private armed force and shortly thereafter raided and closed the headquarters of the Austrian Nazi party.

So great was the opposition of the Social Democrats to the Nazis that for a while they continued on more or less friendly terms with Dr. Dollfuss. In September, 1933, however, there was a Cabinet shake-up as a result of which some of the leaders of the so-called Heimwehr, a reactionary private army under the direction of Prince Ernst Ruediger von Starhemberg, were taken into the Cabinet. This move made it plain to political observers in Austria that a final break with the Social Democrats was inevitable as the Heimwehr group was regarded as even more reactionary than Dr. Dollfuss's own Christian Socialist party. At the same time it was clear that this move had as its principal objective to try to halt the rapid growth of the Nazi party.

By the end of 1933 the line-up was as follows: Dr. Dollfuss and his Heimwehr allies held the machinery of government in Austria; in opposition were the Social Democrats and the Nazis, who were at the same time opposed to each other.

In January, 1934, Dr. Dollfuss began a further campaign against the Austrian Nazis, arresting their leaders and protesting against the repeated radio appeals from the Nazi leaders in Munich and elsewhere in South Germany addressed to the Austrian people to join the Nazi cause. On Jan. 19 he addressed a formal protest to the German Government, accompanied by a voluminous document setting forth instances of German interference in Austrian politics. He made it known at the same time that, if the answer was not satisfactory, Austria would appeal to the League of Nations for help against Germany.

At this stage the Austrian problem became again international. The mere threat of an appeal to the League not only forced the world powers to consider Austria's difficulties and take a definite decision as to what to do about them; it also involved the existence of the League of Nations itself. Austria is in a sense the League's step-child, having been helped to survive by a loan made under the League's supervision. Ever since 1923 the League has had a representative in Vienna who has been virtually dictator of Austria's finances. From the League point of view, therefore, it was of special importance that any action taken about Austria should meet with success. But the precedent of Manchuria made it unlikely that anything effective could be done by the League. If it made some formal decision about Austria which was not carried out, it would virtually cease to have any further weight in European affairs.

Those nations interested in the preservation of the League were thus particularly anxious that the Austrian case should not be brought officially before it. As a result, Great Britain, France and Italy issued on Feb. 17 a joint declaration reaffirming their determination to respect and preserve the independence of Austria. They hoped that this would make League action superfluous.

In the meantime the internal political situation in Austria had come to a crisis. Owing to the censorship established by the Austrian Government, the full details of the civil war of mid-February are not yet clear. It appears, however, that part of the price demanded by Prince Starhemberg and the Heimwehr for active support of Chancellor Dollfuss was that he should wipe out the Social Democrats. This implied taking over the government of the city of Vienna, which the Social Democrats had for so many years controlled. At the same time it meant breaking up their power in various smaller cities in Austria.

Foreseeing that if Dr. Dollfuss succeeded, the Social Democrats would be completely ruined, their leaders attempted a general strike which was declared on Feb. 12. The strike was not successful and was used by the combined Heimwehr-Dollfuss leaders as an excuse for arresting the Social Democratic leaders and raiding the party's headquarters. The result was civil war. The government troops not only used rifles and machine guns against the Social Democratic headquarters, killing many persons, but even brought up the artillery to bombard some of the municipal apartment houses where many of the Social Democratic leaders lived. The Social Democrats put up a strong resistance, with the result that there was fighting in Vienna and other towns for four or five days. Because of the censorship the total number of casualties is not yet known, but the dead have been reported at from 200 to 1,200 persons, including women and children.

The armed strength of the government made the outcome of this civil war inevitable. Dr. Dollfuss was able to take over the government of Vienna and name his own administrators. The Social Democratic party was utterly disorganized and routed. Some of its leaders fled to Czechoslovakia, others, including Mayor Seitz, were arrested and put in jail. The political "purging" of Austria was completed.

The overwhelming success of the government troops did not, however, end Austria's crisis. Dr. Dollfuss succeeded in crushing his foes completely. But he did this at the cost of a deep-

Continued on Page 126

The Plot to Kill French Democracy

By ROGER MENNEVEE
Editor Les Documents Politiques

THE formation of the Doumergue Ministry on Feb. 9, 1934, is the most important event in French politics since the establishment of the Third Republic after the overthrow of Napoleon III in 1870. It definitely marks the decline of the French parliamentary system and the beginning of a period of transition to fascism. But this is not the result of the ideas of dictatorship that have in recent years spread throughout the world nor of popular protest against parliamentary scandals, especially those arising out of the Stavisky affair. What has happened in France is largely the work of a definite group of reactionaries.

The Stavisky affair is relatively unimportant. At most 200,000,000 francs was lost, scarcely a fourth of which affected the actual savings of the French people. The sum is negligible when compared with the 7,000,000,000 or 8,000,000,000 francs lost by depositors in the crash of the Banque Nationale de Crédit, not to mention the 2,000,000,000 francs which disappeared in the failure of the Aeropostale, the Credit Foncier du Brésil and various enterprises of the Bouilloux-Lafont group, nor the losses due to the many financial scandals which in recent years have come to light or have occurred under the Laval, Tardieu and other Ministries. Those who talk about honesty and morality in connection with the Stavisky affair have very little to say regarding previous scandals. Does not this show the artificiality of the whole political agitation arising out of that affair? Actually it was nothing more than a pretext created and used by the forces of reaction for an open attack on French republican institutions.

All the recent events in France are the logical consequences of the activities of the military and religious reaction, which, particularly after the middle of 1929, had become more or less open and so alarming that when, in January, 1930, I discussed our political outlook in the French review *Les Documents Politiques,* I could write that France was about to enter "a period of very serious political and social reaction."

These reactionary activities have received considerable aid from the indifference of the Republican parties of the Left—the Radical-Socialists and the Socialists—because of their ignorance of political realities or because of the personal ambitions of their leaders or of their associates. Even after the Republican victory in the 1932 elections, these parties repeated the mistakes which had nullified a similar victory in 1924 and paved the way for the return of M. Poincaré as head of the government. On the one hand, there was the continuance of the strange "Ministerial solidarity" which induced the Left to cover up the disastrous administration of M. Tardieu, M. Flandin, M. Reynaud and their friends without any one liking the new governments resulting from the 1932 elections; on the other hand, there was the rivalry of the Radical-Socialist and Socialist

parties each striving to obtain power. Yet only a policy based on the principle of cooperation among the Republican parties which, as the Left bloc, had so happily dominated French domestic politics from 1905 to 1912, would have permitted the restoration of normal conditions in the country and successfully opposed the efforts of the reactionaries.

The disastrous rivalry between the parties of the Left had its roots in the illusion of the Socialists that their advent to power was at hand. In 1912 they believed that the financial and monetary breakdown in France was going to usher in socialism. Yet M. Poincaré's return, followed by conservative financial and social measures, should have opened their eyes to what all European history clearly demonstrated, namely, that a nation's political, economic and financial difficulties bring, not socialism, but reaction with dictatorial tendencies. The Socialists also failed to consider an important psychological factor in the domestic situation. During the prosperous years the French proletariat enjoyed too many comforts for them to be willing to make sacrifices merely for an ideal. Finally, in modern society power is not seized nor are revolutions, whether liberal or reactionary, made except with the help of armed force, and this was certainly lacking for the purposes of socialism.

The reaction was helped in various other ways. French Free Masonry, which like Free Masonry in all Latin countries plays an important part in politics, has abandoned, at least in its higher circles, its traditional liberalism. In large part its leaders have become moderates because of the well-paid positions they hold in everyday life. With a vested interest in things as they are, these men have gone in many cases to the other extreme of their previous hostility to conservatism.

Finally, that other great democratic organization, the League for the Rights of Man, which exerts a powerful influence in French politics, has given increasing evidence of an opportunist policy since age has begun to calm the Republican ardors of its leaders. Though the League has participated in demonstrations and protests, sometimes exaggerated, against certain foreign governments on the flimsy pretext of defending the principles of liberty, it has also frequently forgotten that it should have been active in French politics as the upholder of its own ideas rather than of a perpetual "sacred union" which sacrificed all liberal principles.

In contrast with the apathy and rivalries of the parties of the Left, the French reactionaries followed a line of action whose consistency and psychological insight one must admire. For instance, the religious reaction, especially that inspired by the Jesuits, never abandoned for a single moment its determination to bring France once more under the domination of the church. To that end, its activities were, just as from 1911 to 1914, everywhere in evidence. To begin with the politico-religious aspect: numerous attempts were made to induce the French Government to revive the Concordat, that is, to make Catholicism again, more or less officially, the State religion, and to permit the religious congregations, which were expelled from France by the law of 1905, both to return to the country and to set up institutions in which they would have freedom of teaching and which they would direct and control. Preliminary negotiations went so far that statements made in Parliament toward the end of 1929 drew attention to the anxiety which was

rife in French democratic circles whose secularism is, as we know, one of the fundamentals of their program.

If the sway of the Roman Church over France has not yet been *officially* restored, it is none the less a reality. Although Parliament rejected the proposals made at one time by M. Poincaré to authorize the return of the congregations, their return has taken place. Thus, the Superior of the Carthusians, Prior Dom Paulin Ripert, dared to state, not without a touch of insolence, in *Le Matin* of Nov. 25, 1929, that without obtaining any authorization to return to France, his Order had done so all the same, for he thought that, "since the congregations law, momentous events have taken place because of which no one would object to our returning—I mean the war."

The revival in France of the powerful influence of the church had already become clear at the beginning of 1928 through the Rue de Varenne episode. Here, in the building of a leading religious organization, Father de Paredes was murdered under particularly suspicious conditions without the French authorities being in the least astonished. Nor were they surprised when the work of the police and the course of justice were hindered by a foreign ecclesiastic who came to France for this sole purpose. Although clearly indicated by the circumstances of the crime and even pointed to by certain newspapers, the murderer had nothing to worry about.

The religious reaction has, moreover, pushed its men into important positions in the government, big business, and, still more important, the French military high command. Here it has regained the same kind of influence that M. Millerand made possible in 1912 and 1913. Among those at the head of the French Army who were in sympathy with the religious reaction there was, for instance, Marshal Foch. He was in such close contact with the Jesuits that, in 1918, he took it upon himself to "consecrate the French Army" to the new cult of the Sacred Heart. The whole of his immediate entourage were likewise amenable to the church.

The church also had a hand in the promotion of General Weygand, whom Clemenceau described as "buried up to his neck among priests." The General's scant sympathy for the Republican régime is an open secret, for in 1920 he became connected with an organization which was planning a *coup d'état* and collecting funds to create a praetorian body under the name of the "White Guard," one of the articles of whose program was to "help by force the seizure of power by a triumvirate which would suspend the parliamentary system and all public liberties and govern dictatorially" in accord with the industrial oligarchy from which the group was then seeking financial support.

Compare this program of "force" and a "triumvirate" with recent developments, the plans we have just been hearing about for a "directorate" of "energetic" men and the intention of the Doumergue Cabinet to send Parliament away on a prolonged vacation and even to dissolve the Chamber of Deputies without immediately arranging for new elections as the Constitution demands. It will then be seen, as we have already said, that there was a remarkable continuity in the plans and activities of the French military and religious reactionaries.

Because these reactionaries have always been realists, they have known that they could establish their complete domination only by political action and that every attempt of too definitely a military character must

contend with the antagonism of the entire French people, who are still opposed to military dictatorship in any shape or form. Thus it has been necessary to seek in political circles men who could eventually serve the purposes of the reaction. After the end of the war the reactionaries believed they had found a possible "dictator" in M. Millerand, who had been so strikingly favorable to their aims in 1912 and 1913. Undoubtedly he would have lent himself to any possible manoeuvre if he had not been "chased" from the Presidential Palace by the Republican electoral victory of 1924.

Again the powerful influences directing the French reaction showed remarkable cleverness. They immediately transferred their "sympathy" to M. Doumergue, who was regarded in Left circles as a genuine Republican, although his acts after the elections of 1914 and when he was Premier had been hardly favorable to democracy. Thus the reactionaries secured the election of M. Doumergue as President of the Republic in 1924 in opposition to M. Painlevé, who was supported by the same elements in the Republican parties which had gained the victory of May, 1924. Perhaps the Republicans should not have forgotten that similar manoeuvres by the Right had given M. Poincaré the Presidency in 1913. On his installation in the Elysée, M. Doumergue furnished definite proof of the influences which had made him President by retaining General Lasson as chief of his military aides. This General had held the same position under M. Millerand, and it is notorious that he advised the President to overthrow by force the Chamber of Deputies elected in May, 1924.

As President M. Doumergue carried out a consistently personal policy, particularly in opposition to M. Briand's efforts for European conciliation. At the same time he sought to limit more and more the prerogatives of Parliament and especially those of the Chamber of Deputies. And his relations with the highest religious personages in Paris were so close that at one time the rumor spread that, though a Protestant, he was to become a convert to Catholicism at the end of his seven-year term. After leaving the Elysée, M. Doumergue, in oratorical outbursts which were hardly in keeping with the tradition of former Presidents, spoke so favorably of the military and religious elements that the reactionary press designated him as the political "savior" to whom, in due time, there should be recourse. Although M. Doumergue did not refuse to support reactionary aims, he lacked the energy as a public man that was required for the policies contemplated by the reaction, which continued to look for other "men" and found them in M. Tardieu and M. Chiappe.

M. Tardieu, who had at one time wished to become leader of the extreme elements of the Left bloc and even the Socialists in their quest for power, had not been able to forgive the Left parties for the haughty and just contempt with which they had rejected his overtures, because of compromising incidents in which he had been involved. This undoubtedly explains, in part at least, why M. Tardieu subsequently became a leader of the reaction and why the newspapers which he inspires, especially the Paris daily *La Liberté,* have conducted such violent campaigns of defamation against the Left members of Parliament.

Since M. Tardieu is far from lacking intelligence, it is not surprising that at his suggestion the French reactionaries cast their eyes on Jean Chiappe, then Prefect of Police. This

was a particularly skilful stroke, for when M. Chiappe was appointed to that position on April 15, 1927, he was popular throughout Republican circles. Because of his friendship with M. Malvy and M. Leymarie he had been one of the victims of the Clemenceau terror in 1918, remaining under a cloud until after the electoral victory of 1924. When M. Schrameck, who had become Minister of the Interior, made him Secretary General of his department and united in his hands this delicate position with that of Director of the Sûreté Générale, M. Chiappe began to cause considerable anxiety by his hardly disguised ambition to become the "Minister of Police" of the Third Republic. On taking charge of the Prefecture of Police, he undoubtedly made every effort to organize the Paris police as a praetorian guard which would be entirely devoted to him. Nor was he concerned about the financial burden he thus imposed on the city. At the present time the police budget for Paris alone amounts to 500,000,000 francs ($33,167,500 at the new par).

M. Chiappe meanwhile showed great sympathy for foreign dictatorships. In agreement with Primo de Rivera and Mussolini he secured the revival of the international police treaty of 1896 against anarchists and terrorists, but aiming now not so much at the Communists as at the Liberals who had fled to France from countries under dictatorships. On the other hand, M. Chiappe was so lenient toward the Russian reactionary émigrés that when President Doumer was assassinated by the anti-Bolshevist Gorgulov, his position became extremely suspicious. Finally, in an interview given in February, 1930, to the Italian newspaper *La Stampa,* M. Chiappe did not hesitate to praise the Mussolini régime and to indicate that "the best men in France" would not refuse to consider the establishment of a similar régime in their own country.

The facts that have now been set forth throw a clear light on recent events in France. Let us repeat that the Stavisky affair is far from having the significance which has been given to it, particularly in its political aspect. In any case, despite the efforts of the reactionary press, the Stavisky affair has compromised among the Left members of Parliament only some have-nots such as exist in all parties. Not one of the outstanding men of the Radical-Socialist or of the Socialist party has been involved, whereas in the last phase of the Stavisky affair, that of the "Hungarian bonds," there have figured, for example, two former French Ambassadors, belonging to the most militant reaction. Nevertheless, regarding them nothing has been said, while the newspapers of the Right have piled up the most odious calumnies against Republicans, definitely and undisguisedly attacking through them the parliamentary system itself. This ferocious anti-parliamentary campaign is carried on particularly by the reactionary daily, *La Liberté,* of which M. Tardieu is both a political editor and an owner.

Similarly, only when M. Chiappe was personally involved did trouble begin in the streets through the activities of the Royalist groups and of the extreme Right, thus revealing the curious connection between the Prefect of Police and the most aggressive elements of French conservatism. The first demonstrations in January were in fact entirely an attempt by the Prefect of Police to intimidate the government, and that is not putting it too strongly. M. Chiappe thus presented the following dilemma: Was the government to cover up his acts, not to

speak of his connection with the *Stavisky affair*, or would the Prefect of Police open the door to popular commotions so as to aid the reactionary organizations?

All these incidents were so closely connected that I am convinced that the Stavisky affair was *organized* under the auspices of what could be called the Tardieu-Chiappe group for the purpose of creating in the mind of the French people a strong feeling of mistrust against members of Parliament and thereby against Parliament itself and to aid the establishment of a more or less personal dictatorship. Nor was this altogether concealed. M. Chautemps, during the first parliamentary debates on the Stavisky scandal, revealed the existence of propaganda and political activities which aimed at placing power in the hands of a "directorate" of men known for their energy. Although various more or less imaginary lists circulated in the parliamentary lobbies, well-informed people knew quite well that the "directorate" really under consideration was to consist of General Weygand, M. Chiappe. M. Flandin and M. Tardieu. In the light of what has already been said, this list is highly suggestive. And it makes it more easily understood why reactionary circles became so violently angry when, acting on the advice of the Minister of the Interior, M. Daladier (who had replaced M. Chautemps at the head of the Cabinet) dismissed M. Chiappe from the Prefecture of Police.

The reactionaries clearly saw that this step deprived them of their principal weapon for the seizure of power. The so-called national demonstrations of Feb. 6 were only an assault on the French Parliament, and M. Chiappe, in letting his name be put at the head of these demonstrations, thus provided against himself definite proof that the Prefect of Police was the chief instrument of the reaction in France.

Nothing can disguise the fact that Feb. 6 and 7, 1934, were the days on which the fate of the Third Republic was decided. Nevertheless, the deplorable situation could have been avoided if the government, with less regard for traditional civil liberties, had made necessary preventive arrests, including that of M. Chiappe. Strong and determined measures taken immediately would have avoided the necessity of another bloody repression and saved France for a long time from the menace of fascism. This is what the government seems to have thought of doing during the night of Feb. 6-7.

What were the influences that were now brought to bear upon M. Daladier? Did the President himself exert pressure on the Premier and go so far as to threaten to dismiss him from office, as is claimed in certain centres? All this is obscure; yet on the morning of Feb. 7, M. Daladier did relinquish power, although on the previous evening he had obtained an imposing majority in the Chamber.

Meanwhile, the reaction had been so much impressed by the resistance of the government and of the Chamber that it was on the point of committing a serious mistake which would have discredited it forever. At the instigation of M. Tardieu, who thus revealed the important part he took in the projected *coup d'état*, the reactionaries in the Chamber considered the question of refusing to continue to sit there any longer and even of reassembling as a separate deliberative body. That would have put them outside the law and given the government the chance of adopting the repressive measures provided for by the Constitution. M. Daladier's abdication, however, re-

versed the situation. According to M. de Kerillis, writing in *L'Echo de Paris,* "the revolt of the Right, which involved some risks, has succeeded"—an important admission in view of the fact that *L'Echo de Paris* is one of the principal mouthpieces of the reaction.

If fresh proof is needed to show the deep understanding of the French mind which marks the directing forces of the reaction in Paris, it can be found in the modification of its objective which followed when energetic protests emanated from the French provinces against the reactionary movement and against M. Daladier's resignation. Immediately the reaction realized that French opinion was far from being opposed to parliamentarism. A new and cunning appeal was accordingly made for "national union," for a government of "reconciliation" and of "public safety," personified by M. Doumergue. Nevertheless, the reaction did not really abandon any of its plans to transform the French political system. There was to be only a postponement, and perhaps not for long.

President Lebrun's summons to M. Doumergue was highly suggestive and in no way due to chance or accident. M. Doumergue, since completing his term as President, had engaged in political activities more or less occult but always inspired by a deep sympathy for dictatorial methods of government. This man, who had had the honor, in his capacity of President, of being the supreme custodian of the Constitution of the republic, did not hesitate to declare, at the very moment when he knew that an appeal might be made to him, that "Constitutions were not fetishes," thereby revealing his real attitude toward his eventual governmental purposes.

Since M. Lebrun had become President it was known that he and M. Doumergue had had numerous and often secret conferences at which an agreement was reached according to which President Lebrun would, in the case of a serious Ministerial crisis, call upon M. Doumergue. If, during the crises of 1933, M. Doumergue was not offered the Premiership, it was because of conditions and demands so reactionary that they frightened even President Lebrun himself. This was particularly the case when Premier Chautemps resigned at the end of January.

The same conditions and demands nearly wrecked the recent formation of the "Ministry of Public Welfare" after M. Daladier's resignation. M. Doumergue actually wanted to choose his colleagues from *outside Parliament* and also to be given unlimited powers and to be authorized to dissolve the Chamber of Deputies without calling for new elections within six months. This was too much. The protests of the Left Republicans were so strong that the victory of the reaction would have been put off. M. Doumergue temporized, but only in regard to the composition of the Ministry. He then tried to form a Cabinet of ex-Premiers, but here again he tried to go so far—for a moment there was even talk of including M. Millerand—that he was, from different quarters, given to understand that he would rouse the fears of the Republicans.

Such were the conditions under which the present Ministry was formed. Yet by a new and incredible lack of insight into the realities of the situation the majority of the Left parties, who had already been victims of previous "national unions," consented to give the Doumergue Cabinet their full support. Even M. Chautemps, who had just become chairman of the Radical-Socialist party, could

make the astounding declaration that the Doumergue Ministry was not a "party government," but a "truce Ministry" which would enable Parliament to complete "its indispensable task of voting the budget and quieting the minds of the people." Thus did the Radical-Socialist party, the keystone of French democracy, agree to sacrifice the Third Republic.

There can be no illusion about that. M. Doumergue, in his Ministerial statement, put himself forward as the defender of "parliamentary institutions" and "Republican liberties." A few minutes later he showed what he thought of those institutions and liberties by demanding that Parliament should surrender one of its chief and most important prerogatives, that of discussing budgetary expenditures. Nor did he disguise his intention, since he could not dissolve the Chamber because of the opposition of the Senate, to adjourn Parliament at the end of February and keep it adjourned as long as he wished.

This "official" setting aside of Parliament is only the prelude to new steps, some of which will perhaps affect the Presidency itself. The members of the reactionary group who put M. Doumergue in power have their eyes on the high official who recently revealed himself as their "man of action," namely, M. Chiappe. This plan clearly explains the refusal which the former Prefect of Police gave to M. Doumergue, who, after forming his Ministry, wanted to send M. Chiappe to Brussels as French Ambassador.

If, in the light of internal conditions, the present French parliamentary system seems about to disappear, it will probably be replaced by some sort of personal government inspired by the principles and methods of the Prince-President Louis Bonaparte in 1850-1851, accompanied by a policy of violence and social reaction. It is vain to argue against this view by pointing to the important Republican demonstrations which took place after M. Daladier's resignation and which were on a much larger scale than described by the leading French newspapers. For instance, certainly more than 100,000 persons took part in the meetings of the Socialists and Communists on Feb. 12. But all that does not affect the view of the situation put forward above. These activities were entirely *passive,* and in politics above all, to remain passive or on the defensive inevitably invites defeat. The recent example of the Austrian Social Democracy which had gone to sleep full of illusions is a strong case in point. Besides, the French reactionaries already have, and before long will have even greater, armed forces at their disposal, and it will be seen when the occasion arises how far they are prepared to go in shedding blood.

From the standpoint of international affairs, it is no less certain that the era of efforts for European reconciliation is at an end. Fascist tendencies and movements are always accompanied by an embitterment of national feeling which, if it did not lead to bloody conflict in Italy and Germany—perhaps because few people had until then been imbued with it—runs the risk of becoming increasingly dangerous the further it spreads. The first sign in France will probably be an increase in the term of military service from one to two years. From pre-war experience we know how disastrous are the consequences of such national rivalries.

Food, Drugs and Poison

By E. PENDLETON HERRING*

THE task of rewriting the pure food and drug laws now confronts Congress. Lobbyists for the canners, the druggists, the advertisers and the patent medicine men have been active in the capital for months, building defenses against drastic proposals for Federal supervision of their industries by seeking support for a regulatory measure of their own. The forces are on the field for a major legislative battle, but the bills offered by both parties to the dispute purport to accomplish the same end!

Effective protection of the consuming public is recognized by both sides as impossible under the statutes now on the books. It is claimed for all the measures introduced that they would put teeth in the outdated food and drug acts by widening the jurisdiction of the Federal authorities and increasing the penalties for lawbreaking. The bills provide for regulating cosmetics and devices for curative purposes and for bringing advertising within the scope of the law.

Legal regulation of foods or drugs has always depended upon an aroused public demand. Pure-food legislation by its very nature has always met strong opposition from the many individuals who see their business welfare threatened. Those whose digestion may be endangered must likewise be heard. During half a century Congress has from time to time considered many proposals to regulate foods and drugs, but the bills have usually died in committee. The original Federal act of 1906 marked the culmination of a long struggle in which the awakening of public interest to the need for protection was the basic moving force. Skillful propaganda had startled consumers, awakening them to the perils lurking in some foods and drugs.

A generation ago the "Poison Squad" bravely faced adulterated foods three times a day in order that the public might be brought to realize the dangers of certain preservatives in canned goods. Dr. Harvey Wiley of the Bureau of Chemistry supervised the digestive disorders of this loyal band. The dramatization of his scientific findings convinced people that Federal regulation of interstate commerce in foods and drugs was needed. And so, amid a great flurry of public enthusiasm, the Pure Food Law of 1906 was passed. Dr. Harvey Wiley through his zeal, his flair for publicity, his colorful personality kept people interested in his work. When he passed from the scene his successors applied less zestful and sensational methods. Popular interest flagged, for the public assumed that the battle for pure food was won. In the end the law fell into the hands of a few civil servants and a multitude of selfish interests.

The famous act of 1906, however, was rather limited in scope. It provided for the seizure by the Federal officials of food and drug products in interstate commerce found to contain poisonous or deleterious ingredients harmful to public health, or putrid, filthy or decomposed animal or vege-

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table matter. The law called for the seizure of food or drug products so grossly adulterated or misbranded with false or fraudulent claims as to impose seriously on the public or to *have a demoralizing influence on legitimate trade practices.* The statute, intended to correct the most glaring of the abuses of the time, did eliminate formaldehyde as a frequent preservative of cream. No longer was catsup made of old tomatoes plus an occasional field mouse. Within the last twenty-five years no more glue factories have been prosecuted for selling dead horse as "beef."

Even within the narrow limits of the act, its administrators found enforcement difficult. The penalty of seizure did not drive fraudulent producers out of business and the prosecution of offenders proved to be uncertain and unsatisfactory. Officials had a particularly hard time when they tried to protect the public from quack remedies.

Patent medicines remain a problem, as the case of B. & M. illustrates. This nostrum was a mixture of turpentine, ammonia, water and egg compounded originally as a horse liniment It was offered to the public as a "cure" for tuberculosis by a sponsor who obtained the formula from a race-track follower who used it in doctoring "green" horses. This crude mixture was highly irritating and when applied to the skin raised blisters, eruptions which, according to the B. & M. makers, indicated that the germs causing tuberculosis were leaving the patient. For years this product was on the market and its annual sales value went into six figures. Although the best medical opinion stigmatized B. & M.'s claim of curative powers as "arrant nonsense," the food and drug authorities were long defeated in their running down of this fake. Seizures were made and two injunction suits were filed, but to no avail. When the case was brought to court it was decided in favor of B. &. M. because under the law the government had to *prove not merely that the article was a fake but that its manufacturer knew* it to be a fake. He could not be convicted of misbranding his product unless it could be shown that he had fraudulent intentions of deceiving the public.

The manufacturer, a credulous old man who had spent $100,000 buying evidence as to the scientific value of his medicine, paid ignorant consumptives to write testimonials about their experience with B. & M. When later these people were sought as witnesses it was found that most of them had died of the disease they had boasted of curing with the patent remedy. The manufacturer was finally convicted, but it cost the government much time and money to prove that an obvious fake was likewise a fraud. And when the government officials won, they did so not because the scientific proof of the worthlessness of the nostrum was on their side but because they were able to convince a jury that the manufacturer really knew better than to offer the public a ridiculous cure for tuberculosis.

Enforcement of the present law depends upon persuading juries that quack remedy manufacturers are men of evil intentions. As the case of B. & M. demonstrates, the act of 1906 has been found in practice to place the burden of proof upon the government in convincing the courts that the public should be protected from obvious quacks. Naturally the patent medicine lobby today regards the court decisions under the present act as the greatest protection to their business.

Officials have likewise been handicapped in dealing with violations of

the law because of their lack of authority in supervising the manufacture of foods and drugs. The government cannot close a factory or deny an article entry into interstate commerce. Jurisdiction does not begin until an article has been shipped or offered for interstate shipment or is in the course of importation or exportation.

To what extent are the hands of the food and drug officials to be strengthened in dealing with violations and in securing convictions? What penalties shall be provided? The mild system of fines under the present law has in some cases served as a tribute on infringement rather than as a deterrent to lawbreaking. The maximum penalty for a first offense is $200. This paltry sum was the highest penalty that could be imposed upon those recently adjudged guilty of shipping the poisoned Jamaica ginger that paralyzed thousands throughout the country. A $300 fine, or one year's imprisonment, is the maximum penalty for second offenders. The experience of the officials in attempting to enforce this law since 1906 has convinced them of the futility of coercion when force is so inadequate. In addition they have lacked the men and the money for proper enforcement.

Policing America's food supplies is an enormous task. Merely guarding the nation's butter would cost more than the entire present Federal appropriation for supervising all the food and drug products of the United States. Today seventy-eight inspectors must watch all interstate commerce in the food and drugs for 125,000,000 people. Obviously if the public is to be protected, the administrative provisions of the act must be strengthened.

The gravest flaw in the existing law lies in its failure to cope with modern conditions. For example, the law fails to cover advertising. When the act was framed in 1906 cheap, popular, illustrated magazines, financed by advertising, were a comparatively recent development. Since then advertising has gained in power and subtlety until today it is able to build up an idea of the merits of a product by the arts of description and suggestion. A desire to buy is aroused before the article is handled or inspected by the purchaser. Under modern selling technique labels have relatively little importance in luring purchasers, an important change because at the time the Pure Food Law was drafted manufacturers depended in large measure upon attracting customers by the claims set forth on the label of the product itself. Hence it was thought that the consumer would be adequately protected if the law stipulated that all such statements be true. The chaste and artistic labels of 1934 remain above legal reproach by leaving false and fraudulent ballyhoo to the writer of advertising copy.

Under the present statute if an article is not adulterated and is truthfully labeled it is within the law. Except for a few specifically named habit-forming drugs precautionary labels are not required. Radium-charged waters and radium curative devices can be legally sold without warning to the innocent buyer, despite their potentially dangerous character. Public horror and indignation have been expressed at instances where the sale of these products has brought painful death to the misguided user, but the lawmakers could not read the future and anticipate such perversions of scientific discoveries. The present law demands truth on the labels but not the whole truth.

Apparently pre-war legislators did not foresee the growth of cosmetic

manufacture into a large industry affecting the health and happiness of millions of women. Since aids to beauty cannot be classified as either foods or drugs, the Federal authorities are powerless to prevent the sale and shipment of articles containing highly harmful ingredients. Lipstick and eyelash salve are now beyond the sceptred sway, but Congress must consider bringing them under the law.

The great popular preoccupation with appearing "fit" by gaining weight or reducing the waistline has disclosed another flaw in the statute. Products and devices for effecting such changes in the contour of the body, while often capable of great harm, are almost wholly beyond the control of any Federal statute. In the case of Marmola, a "slenderizing" compound, the Supreme Court, while recognizing the dangerous character of the product, held that the Federal Government lacked authority to remove the article from the channels of trade. Since Marmola was not intended for the treatment of disease, it was not a drug within the meaning of the act.

On the other hand, mechanical curative devices, although sold as cures for illness, nevertheless cannot be regarded as drugs. Necklaces of amber and zinc were recently sold for the treatment of goitre. A string of wampum would have been just as effective, the American Medical Association stated, but the act of 1906 had nothing to say on the subject. A nose straightener, a truss, an eye exerciser, a mechanical bust developer cannot be brought under the present law, however harmful or deceptive they may be.

Changes in ways of living have altered the effectiveness of the Pure Food Act. The consumption of foods prepared outside the home has greatly increased within the past two decades, and it has accordingly become of growing importance that this food maintain a satisfactory standard of purity. Since the housewife cannot watch the preparation of these products, there must be some other way of informing the consumer as to what he is eating.

What is jam? What are the necessary ingredients and what are their right proportions? What is ice cream? What is its butter fat content? If the officials attempt to answer these and similar questions today and to enforce the law in accordance with their definition, they must defend their position in court if challenged. They labor under a double burden: Not only must they prove a violation of their standard of purity, they must also defend the validity of their standard.

The increasing inadequacy of the law has been only too evident to those directly concerned. The director of the bureau reports that in the course of more than a quarter of a century of enforcement the weak points of the present law have been disclosed by adverse court decisions and by changes in marketing and producing methods. But until recently the officials have appeared content to let well enough alone. The few amendments to the act passed by Congress were in most cases initiated by the food producers. The canners especially sought legislation that would protect them from their less scrupulous competitors. But this legislative tinkering has accomplished little.

The strength of the present movement for reform has its source in a widespread realization among consumers that the present law must be rewritten. The agitation of a few writers has stimulated this protest. The officials in the Food and Drug Administration admit that the move-

ment has an *Uncle Tom's Cabin* in the sensational book, 100,000,000 *Guinea Pigs*, by Arthur Kallet and F. J. Schlink, published in January, 1933. The charges brought by the authors of this volume and by others of their school have dramatized the issue and occasioned general discussion. Heated accusations and angry counter-charges have filled the air during the past twelve months.

Last Spring the dignity of official recognition was accorded the agitation when the movement for reform was made a part of the New Deal. President Roosevelt became interested and Assistant Secretary of Agriculture Rexford G. Tugwell was set to writing a bill to supplant the present Food and Drug Act. His measure was introduced in the Senate by Senator Royal S. Copeland on June 12, 1933, too late for action that session.

After extensive hearings held in December, 1933, some of the more drastic clauses in the original bill were modified and on Jan. 4, 1934, Senator Copeland introduced the measure. In addition, Representative Sirovich has introduced several measures in the House providing for an elaborate system of licensing and registration of food and drug formulas. In contrast to these measures looking toward a marked increase in the authority of the Food and Drug Administration, Representative Loring Black has sponsored the Beal Bill on behalf of the National Drug Trade Conference. All these measures are concerned with "reforming" the present law, but the means they propose differ fundamentally.

There are two camps, each fighting for its own measure. The Tugwell-Copeland Bill has the support of the President, of the Food and Drug Administration and of those who would hold the producer to strict account. Those behind the Beal Bill include the canners and other food manufacturers, the cosmetic makers, the patent-medicine men, the chain-store retailers, the wholesale druggists and certain advertising interests that fear regulation. Both sides profess a willingness to have cosmetics, curative devices and advertising brought within the purview of a Federal law. The issue revolves about providing a more or less stringent and effective method of regulation.

Critics of the Beal Bill characterize it as "a transparent fraud" that would serve to weaken the "miserably inadequate" existing law. The president of the Proprietary Medicine Association, on the other hand, describes the Tugwell Bill as creating a system of "bureaucratic control that will cause the complete demoralization of the industries affected." The drug interests would like to draw the fangs of this bill.

The struggle today really centres on these clauses in the Tugwell-Copeland Bill, which may be briefly summarized thus: (1) Claims made for drugs must be supported by substantial medical opinion or by demonstrated scientific fact; (2) actual potency of antiseptics and germicides shall be truthfully indicated; (3) self-medication for certain dangerous diseases should not be encouraged by advertising patent medicines; (4) a drug shall be deemed misbranded or falsely advertised if it is represented as a specific cure for a disease when it is merely a palliative for the ailment.

The provisions of the bill that have brought the most outspoken criticism are those granting the Secretary of Agriculture wide discretionary powers. It is provided (1) that whenever in interstate commerce cosmetics, foods, or drugs are found injurious to public health because of conditions of manu-

facturing the Secretary may regulate such conditions by issuing or withholding permits; (2) that the Secretary is authorized to inspect all factories making articles in interstate commerce; if entry is denied he may force compliance by a court injunction banning the products of the factory from interstate commerce. The Secretary is likewise granted wide powers in making rules and regulations relating to questions of fact which the court must recognize as legally binding. Expert advisory committees are to assist the Secretary in making his rulings.

The opponents of the administration have raised a cry against bureaucratic domination. Their strategy has also included the offering of a bill which covers the same general subjects but makes enforcement less simple and litigation more frequent. According to the Beal Bill cosmetics are not deemed adulterated unless poisonous ingredients are present in such quantities as to be *imminently dangerous;* trade formulas must not be disclosed unless unwholesome *added* ingredients are present; advertisements may make claims upon matters of opinion where there is *no exact* standard of truth. When infringements are found the Secretary of Agriculture shall hold hearings and then issue rulings. These may be followed by orders to "cease and desist"; if infractions continue the case is finally sent to the proper United States District Attorney for prosecution.

Shall the burden of proof rest upon the government or the manufacturer when a fraudulent or adulterated product is offered to the public? The question today involves the way in which the food and drug manufacturers and advertisers shall be regulated, and the amount of discretionary authority that shall be vested in the Secretary of Agriculture. The answer to this question may depend on slight turns of phrase or adroit amendatory clauses. Lobbyists for selfish interests are watching their opportunity to insert a joker or two in the phraseology of the bill. Administrative officials want their task of enforcing the law made simpler and their power greater.

If most food and drug manufacturers were not doing business honestly, the work of the Food and Drug Administration would be futile. If producers and purveyors of foodstuffs did not realize that it is good business to be reasonably careful and thoughtful of the public health, we would seem to be suffering from one great national stomach ache. Nevertheless, there are today enough irresponsible people dealing in foods and drugs to make it necessary to amend the present law and to give the government more power if the consumer is to be adequately protected by the Federal authorities. The difficulties encountered by the Pure Food Bureau during the past twenty-seven years clearly indicate the desirability of amending the statute. Obviously the law must keep pace with the times. Can this be accomplished without exposing honest manufacturers to interference and dictation from Federal officials in search of charlatans and quacks? That riddle is one which Congress is now seeking to answer.

Twilight of the German University

By SHEPARD STONE*

TODAY shadows have fallen upon the once proud German universities. The professors have been forced out of the temples of learning or driven into exile or subjected to a subtle pressure which has changed their academic detachment into clumsy conformity with Hitler's ideals. With an eye to the propaganda possibilities of all living and crawling things, the Brown-Shirt Chancellor is drilling his scholars in the performance of Nazi duties. Since the majority of the professors in the Third Reich have sensitive ears and flexible backbones, the German university is changing from a centre of the humanities for all the world to a fortress of Nazi chauvinism.

No choice remained for the scholars who preferred their academic chairs to exile or poverty. Liberalism had never been an accepted philosophy among them and under the republic they paid it only occasional lip-service. The Totalitarian State, however, insisted upon the absolute control of the educational system from the kindergarten to the university. Consequently, German intellectual life went up in the flames of National-Socialism.

Among the thousands of professors there were few who dared raise their voices and defy the frenzy of the hour with a strong reaffirmation of the truth that was in them. The first opposition to the Totalitarian State did not come from the universities but from the ranks of the Protestant clergy. While young and obscure pastors bravely opposed the "German Christian" dogma, the professors remained in their cloisters and allowed the books to burn.

Those who were not Democrats, Liberals, Pacifists, Socialists, Communists, Anti-Fascists or Jews retained their jobs, and in most cases lost their souls. Those who were tainted with poisonous beliefs either were dismissed or resigned. Over one hundred professors and instructors have ceased teaching at the University of Berlin alone. Today the German professor is permitted to speak only for Herr Hitler and against the Treaty of Versailles.

Until the Nazi revolution the German university was esteemed as one of the noblest institutions in the world. Dedicated to mankind, its interests were not parochial. Dr. Flexner, in his study of American, English and German universities published three years ago, wrote high words of praise for the German universities after bestowing violent criticism on the American and English. Today Dr. Flexner would be compelled to take a different attitude, for the German university is no longer a stronghold of the free spirit but a political organization definitely adjusted to the demands and necessities of Hitler's Third Reich.

This does not mean that the German schools of higher education in the past did not contribute to the development of the Reich or to solutions of German problems. With the found-

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ing of the University of Berlin in 1810, an important step was taken toward the strengthening of Prussia and the ultimate unification of the Reich. German historians, in their way, furthered the cause of German unity as much as did the deft diplomacy of Bismarck, the armies of von Moltke, and the steel and textile industries intent on creating a national market. Yet, while Hegel propounded huge philosophies proving the Prussian State the culmination of all governmental systems, other scholars followed different paths and their individuality was not suppressed. Consequently, the German universities became a model for the educational world and students flocked to them from all over the world to sit in the glow of the brilliant lights on the German intellectual horizon.

Academic freedom for professor and student alike was the outstanding characteristic of the German university. The German instructor had freedom of choice in the courses he gave and in his methods of presentation. Practically he was under no supervision. His function, as Dr. Flexner pointed out, was "that of conserving and of advancing knowledge: teaching and research." Some of the greatest German professors fulfilled this rôle admirably. The work of Mommsen, Virchow, Harnack and Wilamowitz bears witness to that fact. The German professor enjoyed a unique place in society--he was listened to.

The German student also enjoyed complete freedom. He attended lectures or remained away from the university and indulged in other activities at his own sweet will. Nevertheless, if he expected to pass his examinations, he found it necessary to attend his lectures and especially the seminars. During his academic career he received the maximum latitude, and it was his privilege to remain at the university for three years or ten years before taking his examinations or deciding that he did not wish to work for a degree. He was an independent man.

Under the German system, the student did not stay at one university, but "wandered" at the end of each semester from one university to another, and had no specific loyalty to any. He was a university man. "Wandering" allowed him to come into contact with the great professors of many universities, to learn to know various sections of his native land and, for example, to take advantage of both Heidelberg and Berlin. Association with the universities in Germany, as student or professor, gave one more than social prestige. It was an intellectual distinction. Germans were proud of their institutions of higher learning and the freedom and abundance of their academic life.

Today, however, the "Leader" principle has been grafted upon the universities. The rector (president or dean) is appointed no longer by the faculties but by the Minister of Culture, a Nazi politician, who reigns supreme. In his turn the rector dominates the faculty, which has lost many of its prerogatives. Although German professors have discovered their Nazi hearts, many Nazi students believe that the universities will not be productive incubators of National-Socialism until those who have been Storm Troopers will have taken the place of the older men. And in future it will not be possible for a man—the other sex is excluded—to become an instructor without first having been a Storm Trooper.

Lernfreiheit and *Lehrfreiheit* (academic freedom) have disappeared

from the German university. In the physical sciences the subjects tend to safeguard the professors, although scientists scalded with the acids of liberalism have been dismissed. At the same time the quality of the faculty in these departments has dropped as more fervent but less capable men have been appointed.

In the social sciences the professors must tread their way warily. A German scholar who would now dare to present the Marxist interpretation of history as sound doctrine would be hooted from the lecture hall by the students and perhaps conducted to a concentration camp by the centurions of the government. Instruction must be reshaped to conform with Adolf Hitler's feelings, and no pundit dare give currency to the notion that democracy or parliamentary forms of government have any justification. Intellectual honesty has become the possession of émigrés and Protestant preachers. There are of course a few exceptions, brave and noble men whose lectures and conversation disclose the fact that they have retained their intellectual integrity. But they refrain from discussing political questions.

The fulcrum of the German university, however, is no longer the professor. The universities have capitulated before the assault of the students. The black gown of the scholar has been humbled by the brown shirt of the student Storm Trooper.

In August, in response to demands of Nazi students, the Prussian Minister of Culture expanded his decree of June 29, 1933, prohibiting students with Communistic sympathies from attending the universities, by including all students with "Marxist or anti-National [read anti-Nazi] leanings." Especially incriminating for a suspected student "is membership in pacifist, treasonable and similar organizations." The Prussian example has been followed by universities in other parts of Germany. On Dec. 28, 1933, Wilhelm Frick, Nazi Minister of Interior, issued a decree limiting to 15,000 the number of students allowed to enter German universities in 1934. One prerequisite of admission is "national reliability." The aim is clear. No student who at least outwardly does not sympathize with the Nazis may enter a German school of higher learning.

The student governing bodies of the universities, from which German Jews and foreigners are excluded, have been coordinated, locally and nationally, in one organization, the *Deutsche Studentenschaft*. A leader appointed by the government is at the head of this organization and he in turn appoints the local leaders. The leader makes the decisions, the students perform the duties and rejoice in their "new freedom." Recently Dr. Staebel, national leader of this association, announced that all members must henceforth serve in the Storm Troop detachments. Since all "Aryan" students are compelled to join if they wish to enter actively into university life and receive positions after completion of their courses, there is no alternative. Through the *Studentenschaft* membership requirements, therefore, military training becomes compulsory.

This decree was aimed in part at the exclusive German student fraternities. Contrary to the principle of unity they still exist. In August, Gerhard Krueger, former Nazi leader of the *Studentenschaft*, demanded their abolition. Pressure exerted by many powerful Germans who in their student days were members of these societies led the government to oppose Krueger and commit the young radi-

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cal to a concentration camp. Nevertheless, it is by no means certain that these student corporations will survive. A majority of the students favors the eradication of class distinctions at the universities. They are agitating for *Kameradschaftshaeuser,* dormitories where the spirit of the Storm Trooper will prevail and where students from all classes of society will live together. These "comrade homes" will have political aims. Until now the German universities have had only a few buildings for lectures and clinical work.

According to the Nazis, the German student of the future must be "a political student, a soldier-student." In place of academic freedom they demand an academic plan of duty—Labor Duty, Military Duty, Corporative Duty, Storm Troop Duty, Group Duty, even, as they proclaim enthusiastically, "university and scientific duty." The Nazi students seem to harbor a naïve belief that knowledge and intellectual attainment can be proclaimed by the Ministry of Propaganda or by Herr Hitler in a speech. In future the long vacations between semesters will not be periods of leisure in which the German student may muse or write or travel, but months of mobilization when there will be definite duties to fulfill.

Although Herr Hitler has placed the administration of Nazi economic life in the hands of Herr Thyssen and Dr. Schacht, many students believe in the realization of socialism. Should these students receive jobs, their radicalism will possibly make way for the comfortable psychology of the white collar. In the meantime they give full vent to their violent nationalism. A typical example of student thinking appeared in the September issue of the magazine published by the *Deutsche Studentenschaft:*

"The German people extends far beyond the boundaries of the Reich. It includes not 65,000,000 people, but 90,000,000. * * * Where the power of the Reich does not reach, the power of the National Socialist German Workers party is still present. Where Hitler cannot command as Chancellor, he can command as leader of the party. Danzig is not part of the Reich, but its government is National Socialist and correspondingly * * * under Hitler. * * * The powerful progress in organization of the German-Americans is a living example of the awakening of the German people, of the German nationality."

In line with the political education of the German student, the *Fachschaft* (group work) has been introduced into the curriculum. All "Aryan" students must accept this innovation. In the *Fachschaft,* lectures on Nazism are being delivered. Topics in the *Fachschaft* for "racial-national" education at the University of Berlin this Winter included "The Prussian Mission," "The Resettling of the German East in the Middle Ages," "The Racial Question From Gobineau to Guenther," "The Reorganization of the Study of Physical Culture on the Basis of the National Socialist Philosophy of Life."

In the general lecture course for the political education of the German student there were included "Cancer and Race," "Germany's Fight for World Public Opinion," "Generalship and the Art of War in Antiquity," "Temperament and Character in Their Relationship to Nationality and the Ability to Bear Arms," "War Gases and Related Matters for Students of Medicine and Chemistry" and "Chemical War Materials."

Since university education depends upon preparation in the secondary

schools, here too the Nazis have effected changes. The Minister of the Interior, for instance, has ordered that all history be rewritten in terms of the Nazi revolution: "School books must begin with the presentation of primeval history * * * which will show that culture is a product of race. * * * The history of the Greeks must also start from Central Europe. * * * The presentation of great historical events must start from Leader personalities." In this decree the "international idea" is characterized as "sneaking poison." History has been hitched to the Nazi steamroller so as to give high school pupils a definite direction of conscience and thought.

The whole aim, then, of German education and of the German university has been changed by the Nazi zealots. In the Nazi mind objectivity and research devoid of political purposes are symptoms of the degenerate liberal era which has just been brought to an end. The universities must fortify Nazi claims with proper philosophies and convert young Germans into rabid believers in the faith. In its original form, according to Nazi pedagogics, science was filled with "the heroic spirit, which is neither tolerant, peaceful nor idyllic, but rather, like all creative spirit, militant, intolerant and manly."

Although humanism and tolerance have disappeared from the German university to make place for the principle of unity and leadership, Ernst Krieck, rector of the University of Frankfurt and a prominent Nazi pundit, declares that scientific research in the Third Reich will remain free and unimpeded. Krieck has written hundreds of thousands of words to prove his paradoxical thesis. In his opinion scholars will not be given the conclusions of their investigations by the government, but they must take from the "national task" the direction of their research. "Our national-racial life will ask science questions and give it tasks to fulfill, and then just because science will seek answers to these questions and fulfill these tasks, * * * it will take part in our national-racial growth and will thereby receive the capacity and the right to educate the people with its ways and methods. * * * At German universities only capable scientific men should investigate and teach—those who, with their entire personalities, have bound themselves to the nation, to the national-racial view of life, to the German mission."

Out of an institution of vision, culture and universal scope there has grown a militant organization dedicated to the purposes of the Third Reich. Instead of inculcating in German students an unflinching devotion to truth, the German university must turn out Storm Troop leaders. The philosophy of force and not of truth and tolerance is the dominating factor in Berlin, Bonn and Heidelberg today. A few scholars will remain faithful to the high ideals of their profession, for the true German spirit cannot be completely destroyed. But, in the main, the German university has lost its independence.

In conversation with the writer during the Autumn, Eugen Fischer, rector of the University of Berlin, said that Germany was still in the midst of a revolution and that at such a time "objectivity" was neither possible nor desirable. "In two years the German university will return to normality." Despite serious indications which point to the contrary, foreigners, at least, can only hope for the realization of this statement, for the ideas and beliefs of the young Germany of today may lead to ominous realities tomorrow.

Bulgaria's Labor Battalions

By Boyan Choukanoff*

Bulgaria for more than thirteen years has made it obligatory for its able-bodied citizens to pay a tax in labor to the State. Every man and woman, upon coming of age, is liable to this "tax," which is fixed at eight months for men and four months for women, although the service may be spread over longer periods. The Obligatory Labor Service Law was enacted in 1920, through the influence of Alexander Stambulisky, Premier of Bulgaria and a man of rare courage, energy and determination. For years he had advocated the ideas embodied in the law, but the opportunity for the adoption of so daring and revolutionary a measure did not arise until after the World War.

Stambulisky argued that to a country ruined by three disastrous wars, with its population overburdened by national and foreign debts and its army reduced to a mere handful of soldiers, a labor service would be of the greatest value both economically and educationally. The youth of the nation would be organized and directed in the construction of public works that private initiative would not or could not undertake, and the rebuilding of a war-ruined nation would be hastened by cultivating in all citizens, irrespective of their social status or means, a taste for occupations directed toward increasing the wealth of the nation. On the educational side, compulsory labor would, Stambulisky insisted, substitute a more practical training for that which had been received in the army before the war. While the desirable physical and disciplinary aspects of military training would be retained, every one would, in addition, learn a craft that might eventually benefit both the individual and the nation.

Briefly, the labor service was to be utilized, to quote from the law itself, "in all branches of economic activity and public welfare work: the construction of roads, railroads, canals, water-works, dams and embankments; the erection of buildings, the laying out of villages and towns; the strengthening of the banks of water courses; the straightening of rivers; the draining of marshes; the laying of telegraph and telephone cables; the preparation of various materials for building; afforestation and the care and management of forests; the cultivation of land belonging to the State, a district, a commune or any other public body; fruit and vegetable growing; the raising of silkworms, bees and cattle; fishing; work in mines and factories; the preserving of foodstuffs; the manufacture of cloth, linen and clothing in hospitals, &c."

Besides the regular service of eight and four months, the law provides for temporary labor service of twenty-one days each year, when men and women, between the ages of 20 and 40 and 16 and 30 respectively, are called to work for their own community. All school children and university students are likewise expected to give a

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week of service in the Spring and another in the Fall to their school or city.

Young men and women may obtain temporary exemption if they have dependents, attend institutions of higher learning, or are in bad health. But no Bulgarian citizen can change his nationality before his labor duty has been discharged; no one can leave the country even for study abroad until this labor obligation has been satisfied or postponed, or a bond deposited as a guarantee. Mohammedan women are exempt from the law on both religious and social grounds. And so are all foreign citizens residing in the country.

For financial reasons, and because the State at present cannot utilize the services of all eligible men and women, two important modifications have recently been made. First, the service for women has been temporarily suspended. Secondly, exemptions for men have been extended, although those exempted must pay a tax which varies, in proportion to their income and family status, from 30 to 300 levas a day. [At par the leva is worth 1.22 cents.] Thus, while it is possible for men in extreme cases to remain at their own work or at their studies, the law does not discriminate in favor of the rich, since only a few of the latter choose to pay the tax. Income derived from the exemption tax is turned over to the labor service, thereby reducing the need for State appropriations.

In the temporary service, likewise, only men are called, and they seldom work more than ten days annually, except in communities directly interested in constructing new ports or railroads. In such instances the length of service averages sixteen days, ten of which are expended on the new construction.

The labor law was at first severely criticized both at home and abroad. The Opposition, including even the Socialist and Communist parties, assailed it as a revival of the *angaria*, the system of forced labor without compensation which existed in Bulgaria under Turkish rule. Bulgaria's immediate neighbors saw in the law an evasion of the military limitations imposed by the Treaty of Neuilly, while the nations of Western Europe compared it to the Russian law on compulsory labor, the introduction of which two years earlier had provoked sharp controversy in Europe. Ultimately this Bulgarian experiment brought foreign intervention, with the result that a working period of eight months was substituted for the original twelve, and several other minor limitations were imposed. Even then uneasy glances accompanied inquisitive questions as to the safety, practicability and probable effects in a capitalist country of an experiment that smacked so much of communism.

About 45,000 young men in Bulgaria reach their majority every year and automatically become liable for the regular labor service. But the State cannot profitably employ more than 20,000. Moreover, each year about 750,000 adults are eligible for the temporary service, in addition to a similar number of school children.

Naturally, the school children accomplish little; yet even their small achievements are noteworthy. I remember the enthusiasm with which in my own school days a group of us transformed a neglected school yard into a beautiful campus with a lawn, flower beds and an orchard. We also leveled an uneven plot outside the town for an athletic field which, though far from perfect, served its purpose well enough.

Many of the tasks assigned to older pupils are complementary to their

studies. Some, for instance, work in the school libraries and laboratories. But perhaps the most fortunate are those who take part in archaeological excavations under the guidance of experts, for there is much in Bulgaria that waits to be unearthed—monuments and ruins dating back many centuries. School children, it is true, help only slightly, but the 15-year-old boy who swings a mattock and examines with breathless absorption an unearthed fragment of jewelry or pottery learns far more archaeology and ancient history than he would from volumes of texts.

I am particularly proud to have aided in planting the pine forest that covers the hills near the city of Samokov. Ten years ago these hills were naked, save for a Summer cover of green grass and a few scattered pines. Once they had been altogether naked. Then some one conceived the idea of dressing them with pines. But shortage of funds left the work incomplete for more than two decades until the labor service was created. Then, every Spring and Fall for several years, a small army of youngsters, schoolboys and girls between 12 and 18 years of age, spent a week laboriously planting pine seedlings. Today those little sprigs have grown enough to throw a cooling shadow on a hot Summer afternoon.

More substantial achievements can be accredited to the temporary labor service, even though it has not always been rigidly applied. As its purpose is primarily communal, each municipal government plans the work to be done in the coming year, and supplies the proper authorities with a list of the eligible citizens. The latter are then called, in groups, to discharge their duty as conditions require. Only in exceptional cases are members of one community required to work in another.

As a result of this service many towns and villages have been surveyed; streets have been widened, paved and straightened; miles of local roads have been constructed, bridges built, schools and libraries erected; water has been pumped to many villages, electric light plants opened; dikes have been made along low-banked rivers; good soil has been reclaimed by shortening the courses of winding rivers; hundreds of acres of trees have been planted and public health fostered. Moreover, a five-year plan of thoroughgoing community improvements on a nation-wide scale, worked out by a number of leading engineers, architects, physicians, professors, agricultural and other experts, has been inaugurated.

It is, however, the work of the regular labor boys, the *troudovaks,* that has definitely established the labor service as a permanent Bulgarian institution. "Work for Bulgaria" is inscribed on their hats, and although treated like soldiers—wearing khaki uniforms and taking, on entering the service, an oath of loyalty to King and country that they will conscientiously discharge their duties—they are governed by a civilian administration, and their labor units aim to be both schools and workshops.

To avoid wasting time and energy, the first ten days of service are usually devoted to education. The meaning and importance of the labor service, its purpose and rôle, are explained. Attempts are made to adapt the boys to a life of rigid discipline. Work is apportioned between groups and individuals: for example, a number are assigned to the upkeep of the camp and the smooth running of the camp kitchen. Some members of the corps are sent to technical or vocational schools for longer preliminary instruction, so that when they go out to build rail-

roads, drain swamps or work in the State factories and stock-breeding farms there will be neither waste nor blundering.

A birdseye view of Bulgaria would bring out in relief the brilliant achievements of the labor battalions. Two harbors have been built on the Black Sea, bringing into touch with the rest of the country an isolated corner that during Winter months had been almost completely cut off. The capricious and furious Ogosta River has been brought under control at a point where it was eating away the land and endangering the homesteads of the local villagers. In a remarkably short time a large swamp lying between the parallel rivers Isker and Veet at the place where they empty into the Danube was drained, an achievement that reclaimed 40,000 acres of exceedingly rich land.

Much has been done by the *troudovaks* toward improving the railroads. When Bulgaria won her independence fifty-five years ago, she had practically no railways, and during the following forty years only 1,200 miles were constructed—an excellent beginning—yet much of the country remained unserved. The building of new lines across the country, through the Rhodopes, and to many outlying points has been and is one of the major activities of the *troudovaks*.

The highways that stand as the greatest achievement of the labor corps have been woven back and forth across the Balkan Mountains. For more than a generation Bulgaria confined road building to the great lines of traffic in the lowlands. Highways were more needed and were easier to build there; they served larger and fast-growing cities. But this policy left hundreds of towns that lie scattered throughout the entire Balkan range isolated and neglected. The lack of communication inevitably hastened their decline. This was all the more deplorable because it was these mountain towns that had nurtured the Bulgarian national awakening. Now the *troudovaks* are bringing them a belated reward. Through the Balkan Mountains from the western end of the range to the eastern on the Black Sea, at irregular intervals as passes permit and traffic requires, the boys are cutting cross-roads, thereby bringing the region into more direct contact with the rest of the country. Something similar is going on in the Rhodopes, the southern mountain range of Bulgaria, where, likewise, this army of labor recruits, operating along a far-flung front, is using its powder and dynamite to bring about prosperity and enlightenment to a long-neglected no-man's land.

The *troudovaks* have also much relief work to their credit. An influx of refugees, such as has been familiar in Bulgaria ever since the Balkan wars, became especially acute after the Greek rout in Asia Minor. Bulgaria then found herself confronted with the problem of absorbing some 200,000 destitute newcomers. The task of settling them proved to be beyond the power of the government, and thousands of homeless, lawless individuals roamed the country. The presence of this idle and embittered horde along the Greek and Yugoslav frontiers was largely responsible for a series of border incidents which, culminating in armed conflict between Greece and Bulgaria in 1925, led to intervention by the League of Nations. After a study of the problems involved, the League commission concluded that only permanent settlement of the refugees could transform them from an element of constant danger to one of usefulness and peace. For this purpose the League author-

ized a loan for refugee settlement and the Bulgarian Government provided land "that is or may be made suitable for agricultural settlement."

Much of this land had never been planted to crops before. Forests had to be cut down and the land cleared; a railway line and roads had to be constructed, and malaria had to be wiped out. Although the refugees themselves did much of the work, whatever skilled labor was required was supplied by the *troudovaks*. The latter, likewise, carried on the fight against malaria, begun by the Health Section of the League and local authorities, and later assisted by the Rockefeller Foundation.

When a series of earthquakes in 1928 destroyed many towns and villages in the south, a detachment of several thousand labor boys was immediately dispatched to the afflicted area. They built tens of thousands of huts for the homeless, cleared away the ruins, repaired the water systems and assisted in establishing a field hospital. When the danger of more earthquakes had passed, they helped in the rebuilding of homes.

Finally, the *troudovaks*, in State factories and workshops, make shoes and clothes for themselves, for the police force and other State employes. This activity has enabled Bulgaria to effect appreciable economies, for the *troudovaks* have shown that they can make shoes and clothes as good as those of any private manufacturer—and more cheaply. They also tend large fruit and vegetable gardens and conserve the produce for use during the Winter. They conduct a brick factory, a number of stock-breeding farms and one of the most successful lumbering enterprises in the country.

The Obligatory Labor Service is under a Labor Administrator who heads the Central Labor Bureau with headquarters at the Ministry of Public Works in Sofia, and who is entitled to the advice and cooperation of the General Secretary of each Ministry. The Central Labor Bureau is represented in each of the fourteen districts of the country by a district superintendent with whom every municipal government is expected to cooperate. Whenever a community needs *troudovaks* to build a dike or a road, it applies to the district superintendent, making clear the desirablility of the project and undertaking to provide the boys with food and lodging.

At first the Labor Service did not pay for itself because of the great sums needed for tools, transport, expert supervision, clothes and quarters. But experience and improved organization have changed all that; today the *troudovaks* not only save millions for the State but are, in fact, a source of constantly growing revenue.

This service has transcended the bounds of work; it has become an institute of labor, a people's school of social discipline. The *troudovaks* directly, and their neighbors indirectly, are developing a sense of ownership, for the number of those who can discover a fraction of their own handiwork in the roads they walk on and in the soil they till is mounting from day to day. Finally, the *troudovaks* of Bulgaria furnish not only an example of a self-sustained social unit but also something not unlike what William James described years ago as "a moral equivalent to war"—the conscription of youth for a peacetime army engaged in systematic and constructive work for the country.

Starving the Schools

By WILBUR L. WILLIAMS*

WHEN will the New Deal reach education? Almost daily, evidence accumulates that recovery has not yet touched the nation's schools, for in large numbers they continue to close, to curtail courses and sessions and to enlarge classes. Nearly 10,000,000 children—about 38 per cent of the nation's population of school age—will suffer directly this year from shorter school terms or no school at all.

Three major questions concerning our system of public education have arisen. How has the depression affected the schools? What dangers now confront them because of insufficient funds? How, in the face of continued financial stringency, can further decline be arrested?

Nearly 800 public schools had by Jan. 1 been added to the roll of more than 1,800 which were closed at the beginning of the school year. Thus has the depression afflicted the nation's schools. But the National Education Association has shown that private and parochial schools have suffered no less heavily, that commercial schools and colleges have closed, and that, since June, 1933, sixteen institutions of higher education have been discontinued. Nevertheless, the most serious problem of today concerns the public schools.

America today is denying to an army of its children the training essential both to democratic government and to the carrying of the burdens of modern life. Dr. Rollo G. Reynolds of the Horace Mann School recently posed the pertinent question: "Of what use is the utilization of the nation's resources to win the fight against depression on the economic and social fronts, unless the new generation understands the situation and is equipped to solve the problems which will inevitably arise?" Though temporarily, at least, vocational courses are being given under the auspices of the CWA, education for the most part is being curtailed at precisely a time when wisdom would dictate expansion in order to give older children much-needed vocational guidance.

In addition to the absolute closing of about 2,600 schools, mostly rural and affecting about 140,000 children, the National Education Association has reported that the shortened terms decreed in many communities would result in at least 20,000 schools closing their doors by the end of March. Thus, perhaps 1,000,000 more children would be deprived of a normal year's education.

The schools in the South and Southwest have been hit the hardest. Outside this area only two States have been seriously affected—Kansas with 700 closed schools and Michigan with 205. These two States accounted, however, for nearly half the schools which failed to open in September. Arkansas and Louisiana, with 400 and 168 school closings, respectively, presented the

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saddest picture in the South. While detailed figures on the 800 closings between September and January are not available, reports indicated that this area accounted for a large number of the additional casualties. Alabama was expected to close half its schools by Feb. 1, turning loose 147,926 children in rural and 21,116 children in city schools. Many of the rural schools, however, have been aided by Federal relief funds recently authorized, but such aid is not available for city schools.

Where schools have not actually closed, children have often been shut out by the demand for tuition fees. In Arkansas, where 400 schools failed to open in September, many others have kept open only by charging, in some cases, as much as $80 for the year. One town of 15,000 population, for instance, requires $3 monthly for each child in elementary school and $5.50 for each high school student.

Nor have closings, tuition charges and shortened terms alone operated to reduce educational advantages in these United States. Though nearly 16,000,000 children will spend full time in the schoolroom this year, they will, as a rule, receive only a part of the instruction offered a year or two ago, for elimination or curtailment of many subjects and services has swelled alarmingly. Reports last September showed that of nearly 700 cities 28 had eliminated and 81 reduced physical education courses, while 22 had eliminated and 89 had curtailed health services. In 19 of these cities home economics was dropped; in 65 its teaching was reduced. Industrial arts work was eliminated in 24 instances and curtailed in 58. Yet the importance of these subjects or services is undeniable, especially in times of stress. Furthermore, we find that 36 had eliminated and 67 reduced art work, that 29 had dropped and 110 curtailed music programs. Apparently, if these cities were typical, one out of every two American cities has been obliged to eliminate or curtail activities.

The welfare of school children has also been affected by the marked trend toward larger classes. Although educators are not agreed as to how large classes should be, 25 to 30 pupils has been generally accepted as a maximum for any sort of personal attention and teaching efficiency. But in one State classes now average 44, and in five States more than 40.

Nor are children alone in suffering from the depression in education. Larger classes mean fewer opportunities for teachers. There are 1,000,000 more children in school today than in 1930, but there are 52,000 fewer teachers. Meanwhile, teachers' colleges have continued to pour out their graduates so that now at least 200,000 fully trained teachers have no schools. If schools were operating on the same basis as in 1930, not only would the 25,000 teachers recently released be rehired, but as many more would be added. If schools were provided for the 2,500,000 children now absent from classrooms, 76,000 more teachers would be required.

More pupils and fewer teachers, more pupils and smaller salaries. Despite lower salaries teachers are relatively no worse off today than formerly, if by chance pay cuts have not exceeded the reduced cost of living. But that is not the rule. In certain large cities, where cuts have been small, teachers have been obliged to aid needy students. In New York City, for example, teachers have given several million dollars from their own pockets in providing food, clothing and medicine for their school children. And teachers who have suffered sorely from the depression are not hard to

find; they are precisely those who were less well off under prosperity.

Public revenues have flattened in the past three years, though public school expenditure in dollars and cents has been reduced only about 19 per cent. There are, of course, more pupils in school today, but a corrected figure based on cost for each pupil reveals an average drop of only 21 per cent. But this is only an average. Throughout the South and Southwest the reduction has been much greater, and in 393 cities of the North-Central States budgets have been cut one-third. The result is poorer education.

These figures, however, do not tell the complete story. Though the increase in school debts and defaults cannot be stated accurately, the tendency is shown in the fact that 259 school districts in twenty-nine States had by September, 1933, defaulted on bonded indebtedness. Many others had refinanced or floated new issues only at higher interest rates. Meanwhile, interest-bearing warrants caused school indebtedness to expand by at least $40,000,000. For the future, however, the greatest danger lies in the possibility of further reductions in school revenue. Federal aid recently promised for small districts solves the problem temporarily, but, as the Superintendent of Schools in Kentucky has said, "Where school aid is needed now, it will be imperative next year."

Greater financial stringency for the public schools will intensify the existing tragic situation. The present serious unemployment among teachers would be aggravated and the painfully small salaries would be cut to the vanishing point. In Kentucky, for instance, 17,000 teachers in 1932-33 drew an average yearly salary of $726, while 10,000 were paid an average of only $459. Thus 27,000 Kentucky teachers last year received less pay than the NRA blanket codes establish for unskilled labor; even so, the incomes of these teachers were this year reduced by about 15 per cent.

The severely limited budgets of most school districts have directly affected activities connected with the schools. The building trades are an example; school supply services, especially textbook publishers, are another. It is noteworthy that the National Joint Commission, representing thirty-two organizations and the Federal Commissioner of Education, requested that at least 10 per cent of any further PWA appropriations should be earmarked for school building. Already, according to the February *Journal of the National Education Association,* about $35,000,000 of PWA funds has been allotted for school construction.

What can be done, despite the lack of money, to save the public school system? The only remedy which stands the test of examination is consolidation. Such a solution would ease the burdens carried by many communities and relieve the most sorely pressed rural school districts. Virtually all the 1,800 schools which failed to open in September, 1933, were rural schools. In the majority of cases there were fundamental difficulties which consolidation alone would not solve, but in many communities the schools might have remained open if school districts had been united. West Virginia, for example, despite the prostrate condition of the coal industry, and a reduction of one-third in elementary school budgets, had only 25 closed schools in September, 1933. This was because 385 small districts were replaced by 55 large ones. As a result, standards were raised—but many teachers were thrown out of work.

The consolidation of a number of small and poor districts into one larger district has long been advocated. State school superintendents are suggesting that this reform may be one gain which will follow the economic depression. Dr. James N. Rule, State Superintendent of Public Instruction in Pennsylvania, recently advanced this procedure as one of two steps necessary to rescue rural school districts from disaster. The desirability of consolidations was emphasized by Dr. Rule's statement that, while the wealthiest district in the State possessed $10,000,000 of taxable realty for each teacher employed, the poorest had but $4,000.

Undoubtedly, the great body of employed teachers will continue to make real sacrifices ungrudgingly and to carry heavier burdens if called upon to do so. Though in a few communities school salaries could be cut without seriously affecting educational standards, it must be remembered that, in the larger sense, pay cuts decrease national purchasing power at a time when we are seeking to expand it. Possibly school work could be compressed so that as much ground would be covered in six or seven months as is now in nine. Steps in this direction have been taken, but the children will be left idle for a large part of the year, and, once again, purchasing power will be restricted.

Ultimately it must become apparent that educational standards cannot be maintained unless adequate funds are available. But how can funds be raised? In several ways. To appreciate fully, however, what is proposed, one must ask why, in the main, schools have been so badly hit in the past two years.

The inability of real estate to carry the tax burdens imposed upon it has reduced gross revenues and multiplied tax delinquencies. In some school districts the latter run as high as 40 per cent. Moreover, property values in many districts have been lowered to ridiculous levels, while in countless cases mortgage charges, constituting fixed money burdens, have absorbed a disproportionate amount of realty income. Finally, laws limiting the school-tax rate on realty have been enacted in many States—notably Indiana—to aid distressed home and farm owners.

The problem of school finances becomes one, therefore, of finding other sources of revenue. For this purpose, State income taxes, where these do not exist, and the revenue derived from the liquor traffic, have been suggested. Colorado, Oklahoma and South Dakota are using income tax revenues, in whole or in part, to support schools. While in Pennsylvania a proposed income tax for this purpose was not acted upon by the State Assembly, a $5,000,000 appropriation for distressed districts was made, in effect, a charge upon the revenue from liquor sales.

Obviously, such tax collections must be made by the States and distributed by them to the individual school districts. Some States for many years have shouldered a portion of the cost of each school district, but that custom has never been widespread. As a result of the depression, however, a system of State aid is almost certain to become fairly general. Then we shall be faced with the problem of distributing State subsidies equitably. In Pennsylvania, for instance, where the wealthiest school district possesses 2,500 times as much taxable property for each teacher employed as does the poorest, subsidies at present are bestowed on every district, and, by law, the largest sum granted any school district can be only one and a half times the smallest. Hence, if the poorest district is to receive $15,000—a

sum that may be pitifully inadequate—the wealthiest district must be given $10,000, which may be unneeded.

There are a growing number of advocates for a completely State-supported school system. They would abolish school-district taxation as such, and would employ a considerable part of the revenues secured from rich communities for the support of schools in the poorer. Such is the spirit of the proposals advanced by Dr. James N. Rule in Pennsylvania. Differences of wealth between the States, and the fact that the entire nation is a cultural and social unit, have led educators to consider even the eventuality of Federal aid for all American public education. Funds would be granted on a basis of need, the attainment of a fairly high educational standard everywhere to be the criterion. Presumably a development of this sort would be achieved but slowly, following an interval of State control.

Meanwhile, vigorous attempts are being made to save the schools. The Joint Commission on the Emergency in Education published on Jan. 30 a program which laid down six planks as a basis for legislation by Congress. These were: (1) Federal appropriation of $50,000,000 to be apportioned among States where educational systems have broken down; (2) an appropriation of $100,000,000 to aid schools during the fiscal year 1934-1935; (3) appropriations to restore health services, home economics, manual training, music and art; (4) release of local funds by refinancing school debts and by Federal loans to school districts; (5) PWA appropriations for new school buildings, especially for the construction of consolidated schools in rural districts; (6) a Federal grant of $30,000,000 to help students to stay in college and to go to college in 1934-1935. The first and sixth requests were largely achieved within ten days of the publication of the program, auguring well for the success of these proposals, which are restricted to undisputed essentials. But can the emergency Federal aid thus extended be expected to be sufficient to keep all the nation's schools open? If that is to be done the local communities must themselves make additional sacrifices. Moreover, Federal relief is avowedly of an emergency character and the acute problem of future financing has yet to be solved.

The leaders at Washington have already admitted their deep concern for education. Secretary Ickes declared that "even in these days of tremendously pressing problems, to my mind the most important question of all is this: What are we going to do about our schools? President Roosevelt, moreover, declared on Oct. 13, 1933, that "the main point is that we need to make indefinitely better the average education which the average child now receives." "This crisis can be met," the President added, "but not in a day or in a year, and education is a vital factor in the meeting of it." Meanwhile, in the face of all their woes, the educators plan hopefully for the future, looking forward to the time when all American education can be raised to a new, higher plane. Perhaps this time of trouble will see the beginning, rather than the end, of educational progress, for as John Dewey has said: "Now if ever is the time for educational change. * * * It may be no coincidence that exactly a hundred years ago at the time of another crisis came one of the greatest educational advances we have ever made."

Mathematics Up-to-Date

By ERIC T. BELL
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A PERFECT science is a dead science. Happily for those whose chief interest is mathematics, this most abstract of all sciences is far from perfect, and the rate at which it is growing today indicates that a perfect mathematics is not to be expected before the human race itself attains perfection.

Most of the advances being made are of so highly technical a nature that any attempt to describe them without using symbols would be an insult to mathematics itself, for the striking feature which distinguishes mathematics from the sciences to which it is most closely related is the vast amount of meaning and power which is condensed and concentrated into its symbols and formulas. That the whole classical theory of electromagnetism, for instance, is implicit in two short, simple equations (Clerk-Maxwell's, with the use of "complex numbers") may seem like a miracle but it is a fact. To loose the bonds which confine volumes of meaning in a fifteenth of a page would be to undo the very purpose of mathematics in a shapeless mass of verbosity. Nevertheless, there are certain aspects of mathematics which can be roughly described in a general way without technicalities, and these aspects are of supreme importance for all mathematical reasoning, possibly for all deductive reasoning. Progress in these parts, which has been phenomenally rapid during the past quarter century, derives from attempts to answer the question, What is mathematics?

To put the end of the story first, there is at present no common agreement among mathematicians as to what mathematics is. There are three leading schools of thought, each with vigorous champions and devoted partisans. Each, from a broader point of view than that of any one of them, no doubt has at least part of an answer that the next generation may accept temporarily. But if finality is ever attained mathematics will be as dead as the moon. Controversies over the meaning—if any—of mathematics are its breath of life.

The three schools are commonly called the logistic, the formalist, and the intuitionist. Each has had a long and stormy history, but the clear emergence of each as a definite, organized school of mathematical thought is a matter of the past quarter of a century.

The sweep of human knowledge envisaged by each of the three schools is so vast that any brief account of their respective aims must necessarily be woefully inadequate. Yet something of their purposes can be glimpsed from a bald statement of the dominating thesis of each.

But before we consider the three schools of thought among which present-day mathematicians are divided let us for a moment look back at the varied history of abstract thought. Here we behold four peaks that tower up far above the general level of profound or lofty speculation. The first marks the Sixth Century, B. C., when Pythagoras saw the human necessity

for a clear conception of proof on which all sane mortals could agree. Proof always proceeds from hypotheses which, for the time being, are accepted as facts. From the hypotheses, whose "truth" is irrelevant, deductions are made. It was accepted for over 2,300 years that no step in a deduction shall transgress any one of the so-called "laws of thought" of Aristotle. These laws are:

"*A* is *A*" (the law of identity);

"Everything is either *A* or not *A*" (the law of excluded middle);

"Nothing is both *A* and not *A*" (the law of contradiction).

The next peak marks the year 1826, when the Russian mathematician N. I. Lobatchewsky showed human beings that it is to their advantage to deny the obvious, to "challenge an axiom," as he himself did when he ended the long tyranny of Euclid. That which has been accepted "everywhere, always, and by all," is not necessarily "true," nor even convenient.

The last two peaks rose in our own time. As Ludwig Wittgenstein observes (Proposition 3.031) in his *Tractatus Logico-Philosophicus* (published in 1921), "it used to be said that God could create everything, except what was contrary to the laws of logic." The logic cited is Aristotle's, crystallized in the three "laws of thought." Sometime before 1912 the intuitionist Brouwer challenged the second law. He showed that the law of excluded middle is not necessarily valid for infinite collections—those of supreme importance in mathematics. About 1922 the Polish-American Alfred Korzybski similarly challenged the law of identity.

The final step, leading to the fourth and last peak, was the construction by the Polish logicians J. Lucasiewicz and A. Tarski in 1930 of any number of systems in which propositions do not necessarily have one or the other of the two "truth possibilities"—"true" and "not-true"—but can have any number of "possibilities."

Returning now to the three schools among which present-day mathematicians are divided, we shall find that light is thrown on the tenets of each of them by their historical development. As each history is intricate, only the briefest outline can be given.

Since in some respects the rise of formalism is the most easily followed, we shall begin with that school. The formalists are grouped around their leader, David Hilbert of Göttingen, regarded by the majority of his professional fellow-workers as the foremost living mathematician. Hilbert's formalistic work, all in German, began in 1899 with the publication of his classic *Foundations of Geometry*, and was continued in a short series of technical papers from then almost to the present day. With W. Ackermann in 1928 Hilbert published a brief book on his theory.

The formalists maintain that mathematics itself is empty of meaning and is the technique of manipulating meaningless symbols or marks in accordance with certain simple rules. After a symbolic game has been played out, like chess, we may inquire into the "meanings" of the "moves" or of a particular "game," but when we do so we are outside mathematics and in another domain, which Hilbert calls "metamathematics." The analogy is with experimental physics and theoretical physics or metaphysics.

To take a simple example, *a, b, c, R* in *mathematics* may be mere "marks" or "symbols" occurring in the combinations *aRb, bRc, aRc,* and a particular mathematical "move" may be this: "If *aRb* and *bRc* are both

asserted, then aRc can be asserted," or more briefly: "If aRb and bRc, then aRc." Thus this "move" permits us to put "*aRc*" for "*aRb and bRc.*" So far no "meaning" has been assigned to the marks or to the move. The *mathematics* is concerned only with moving the marks. The *metamathematics* of this situation may demand that we exhibit an instance of both the marks and the move which shall provide a true statement. One such is given when *a, b, c* represent numbers, and *R* means "is greater than"; another, when *a, b, c* represent human beings, and *R* means "is an ancestor of." There are many more.

Denying Euclid's postulate that through a given point there is precisely one straight line parallel to a given straight line, Lobatchewsky in 1826 constructed the first non-Euclidean geometry. Self-consistent and as adequate for any purpose as Euclid's, Lobatchewsky's geometry started the creation of geometries in profusion, one of which was Riemann's, the mathematical substratum underlying Einstein's general relativity; it also later initiated the modern study of systems of postulates (axioms, outright assumptions). In this study it is sought to prove that the postulates in a given set are independent: namely, that no one is deducible by common logic from the rest; also that the given set is consistent in the sense that a contradiction cannot be deduced from the postulates. A contradiction is a statement such as "A is B and not-B." The problem of proving a given set of postulates to be free of contradiction is of evident importance. Proof consists in exhibiting, or pointing to, a system which satisfies the postulates and which, for the time being, is itself assumed to be free of contradiction. Thus the consistency of Hilbert's famous set of twenty pos*tulates for ordinary geometry is proved in the sense indicated by showing that the postulates are satisfied* by certain parts of common arithmetic. This raises the question, emphasized by Hilbert at the Paris Congress of Mathematicians in 1900 as one of the most important in the whole domain of mathematics, of proving that the rules of common arithmetic will never produce a contradiction. A moment's reflection on what Lobatchewsky did in geometry will show that Hilbert's problem is at least not trivial and that it is probably of great difficulty. But so far this problem has not been solved.

Now, arithmetic and geometry, boundless as each is, are but small parts of modern mathematics. The vaster field of analysis, which deals with continuity and continuously varying quantities—such as the velocity of a falling body, the rate of flow of currents of anything from air to electricity, and so on—monopolizes the attention of at least half the working mathematical population of the world. In the great majority of applications direct contact with physical science is made through analysis rather than algebra, arithmetic, or geometry. Analysis itself is rooted in the mathematical theory of the infinite—uncountable collections of points, instants, numbers—and this theory in turn has been the most prolific source of inquiries into the meaning of mathematics. If the theory of the infinite lacks consistency it would seem to follow that scientific speculations based upon mathematical analyses, as many of the most striking ones are, should not be taken too seriously. However that may be, it is of obvious importance to mathematics to provide a proof of the consistency of analysis. Hilbert's formalistic approach aimed at such a proof without attaining it.

A formalistic proof of consistency proceeds somewhat as follows: First, the postulates are laid down. Among these is this: If P and Q are propositions (statements which are either true or false) such that P implies Q, then, whenever P appears in the "meaningless" game of "moving" the "marks," it may be replaced by Q. This at first sight may appear trivial. Consider, however, the situation where Q is itself an agglomeration of "marks," picked up in the course of a "demonstration" according to the rules of logic, much as a snowball gathers both mass and momentum going downhill, and suppose P to be a similar but bigger snowball. To replace P by Q is to simplify the situation. In this symbolic game there are two privileged symbols, say A and Z. For the point of interest here it is immaterial what A and Z are interpreted to "mean" in the metamathematics (if any) following the "meaningless" game. It is assumed that A and Z are not identical. By Aristotle's first law, A is identical with A, and Z with Z. The aim of a consistency proof is to show that manipulations of the marks (as with the "snowballs") can never lead to "A is Z," but must always lead to "A is A," or "Z is Z."

The grand objective of the formalist school is to provide a consistency proof for the whole of mathematics. From a previous remark it follows that the proof has not been forthcoming. If this conclusion seems disconcerting, it should be remembered that the problem is, in the most literal sense imaginable, infinitely more complex than would be the codification of all the systems of laws devised by human societies since the dawn of civilization. It is even a broader, a deeper, and a more ambitious program than the corresponding thing in theoretical physics would be, and the *latter has not even been attempted as yet.*

The logisticians, headed by the English mathematicians Alfred North Whitehead and Bertrand Russell, regard mathematics as a branch of logic. Some of their followers go further and identify mathematics and logic. In 1910 the publication of the first volume of *Principia Mathematica* by Whitehead and Russell marked the beginning of modern logistics. This massive work was in part the natural outgrowth of earlier investigations by both authors.

The evolution of the logistic school can be traced to two main sources, the first of which has also influenced all schools of mathematical thought. This was the early appearance of paradoxes in formally unobjectionable reasoning. Shortly after the discovery by Pythagoras that the square root of 2 is not obtainable by dividing one whole number by another, the Greek sophists, of whom Zeno was the subtlest, invented several paradoxes which show, among other things, that reasoning which yields consistency when applied to countable collections, may produce inconsistencies when applied to uncountable collections. In brief, what is obviously true for the finite may be glaringly false for the infinite. Reasoning adequate for finite collections must be both sharpened and broadened before it can be used with safety on infinite collections, and in particular in any question involving the notion of continuity.

Two celebrated paradoxes of Zeno and Galileo will illustrate the nature of many. Zeno argued that if Achilles could run ten times as fast as a tortoise he could not overtake the tortoise in any finite time if he gave it a head start. The argument need not be reproduced here. Galileo showed that, although the whole of a finite

collection always contains more things than any part of the whole, the like is false for infinite collections. It suffices here to observe that the unending sequences 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 . . . and 2, 4, 6, 8, 10 . . . contain the same number of integers, since each integer in the second sequence is the double of one (and of only one) integer in the first. But the second is visibly only a part of the first.

Toward the close of the nineteenth century numerous disturbing paradoxes appeared in mathematical analysis. In the subsequent critical examination of the foundations of mathematics further paradoxes sprang up like weeds in the very logic which had been used in all confidence in some of the most vital parts of analysis. The following humorous translation of one of these paradoxes (Russell's) into ordinary language may amuse the reader provided it does not cause him to lose his mind; the translation also is Russell's: A male barber shaves all those men in his town who do not shave themselves, and he shaves no other men. Does he shave himself? Both answers are easily seen to be wrong.

A major objective of the logistic program was the reconstruction of mathematics, from the ground up, in a form to avoid contradictions and paradoxes from first to last. It was thought by Whitehead and Russell that they had proved the identity of logic and mathematics and that they had carried through the logistic program. But that was a quarter of a century ago. The history of modern mathematics offers many instances of revolutions that have been successfully accomplished in half a decade. This may suggest that the classical works of mathematics, no matter what may have been their merits when first published, are dangerous material on which to found a permanent mathematical creed.

It has been objected to the classical logistic program that its definition of the natural numbers, 1, 2, 3 . . . is circular (as will be readily seen when the logistic conception of 1, 2, 3 . . . is indicated) and that no clear theory of the infinite emerges. Competent critics maintain that both objections, each of which is serious enough to necessitate a radical revision, if not the abandonment, of the entire program, are well grounded. In technical details the logistic thesis as developed in *Principia Mathematica* is definitely untenable. In addition to these objections is another which, possibly, goes yet deeper. It can be traced to the second main source of logistics.

Any one who has tried to follow a verbal argument in logic or philosophy is familiar with the confusions induced by shifting shades of meaning. George Boole, an English mathematician, greatly diminished such difficulties by his invention in 1847 to 1854 of symbolic logic. This reduced logic to an easily manipulated algebra which, since Boole's pioneering work, has been enormously broadened and deepened. It is this symbolic or mathematical logic which is now used wherever precision is essential; the older verbal logic is utterly inadequate. Now, if the logistic school were justified in identifying mathematics with logic, it would seem that the symbolic system of the logisticians should not be a mere special instance of certain rather simple algebras. But that it is was first pointed out by the American mathematicians A. B. Bernstein and E. V. Huntington. In current work each of these investigators appears to have shown conclusively that mathematics is the incomparably broader and more inclusive domain. Although the sense in which this

greater inclusiveness is the fact is severely technical and free of philosophical discursiveness, the metamathematical belief which it suggests is Brouwer's intuitionism, which we shall come to presently.

A work which considerably influenced the British school and caused Russell in particular to modify some of his views was Wittgenstein's *Tractatus Logico-Philosophicus.* Although only incidentally concerned with mathematics, Wittgenstein's work is the origin of the theory that mathematics bears to all systems of symbols, including language, the same relation that the syntax of a particular language bears to that language. It is a universal syntax of symbolism. From the work itself it appears that mathematics is a vast tautology. The following quotation (Proposition 4.46 in the *Tractatus*) should be intelligible when it is remembered that a "proposition" has precisely two "truth-possibilities," namely "true" and "not-true." A proposition may itself be built up out of more rudimentary propositions — "elementary propositions." Each has precisely two truth-possibilities:

"Among the possible truth-conditions are two extremes. In one case the proposition is true for all the truth-possibilities of the elementary propositions. We say that the truth-conditions are *tautological.* In the second case the proposition is false for all the truth-possibilities. The truth-conditions are *self-contradictory.* In the first case we call the proposition a tautology, in the second a contradiction."

In this sense the propositions of mathematics are tautologies. Parts of Wittgenstein's theory baffle working mathematicians. For example, the first proposition in the *Tractatus:* "The world is everything that is the case," and the last: "Whereof one cannot speak, thereof one must be silent." To what domain of human inquiry do these propositions belong? Are they logical, philosophical, metaphysical, theological, or possibly nonsensical? However, the first part of Proposition 4.003 asserts that "most propositions and questions that have been written about philosophical matters are not false, but senseless." It may be well then not to pursue the investigation.

At this point it is of singular interest to unite the logisticians (the Whitehead-Russell school) and the formalists (Hilbert's school) in what appears to be a sort of mystical divorce-marriage which renders both schools barren and nugatory. As the last statement may be unwarranted, the reader should form his own opinion from the following facts: In 1931 K. Gödel of Vienna published what purports to be a proof that it is impossible to prove that mathematics is free of contradiction. He claims to show that a definite contradiction is deducible from any proof that contradictions cannot occur in mathematics. Moreover, it seems probable that the "meaningless marks" kind of game, perhaps even with the subsequent addition of the "meaningful metamathematics," is an impossibility for mathematics. The final fact is that although the proof has been mercilessly picked to pieces by numbers of competent men, no flaw or fallacy has been discovered.

Technically Gödel's proof itself is of great interest, as it replaces the elaborate "dot" notation, also the special signs of mathematical logic for the "logical constants" (such as "and" and "or") and other apparatus of the Whitehead and Russell calculus of propositions and propositional

functions, by integers. Rules of the symbolical logical calculus are translated into more easily followed rules of arithmetic. This may remove one stumbling block which has prevented classical logicians from penetrating the symbolic field. But again, although Gödel's astounding feat is accepted today as an accomplished fact, it would be rash to predict what tomorrow will bring forth. At the moment it looks as if one great canto in the epic of human thought has definitely ended.

The remaining school, the intuitionist, is almost entirely the creation of one man, the Dutch mathematician, L. E. J. Brouwer, whose strikingly original views were given wide currency as a result of his inaugural address at the University of Amsterdam in 1912. The intuitionists make mathematics precede logic. Mathematics is more fundamental, more "original," and humanly more "natural" than the logic through which it is presented or in which it is analyzed. The elusive meaning of Brouwer's position can perhaps be sensed by contrasting his conception of the unending sequence of numbers 1, 2, 3, ... with that of the logisticians.

Mathematics, according to the intuitionists, is based on a human "original intuition" of the possibility of "constructing" an unending sequence of numbers. Here "origins" seems to have the meaning of "inborn," as in the familiar phrase "original sin." There is no taint of supernaturalism here as there is in some conceptions of "mathematical truth." The logisticians, on the other hand, replace the individual numbers 1, 2, 3, ... by logical classes, and thence, still endeavoring to remain within the sphere of logic, they elaborate a theory of an unending (infinite) sequence of such numbers. The "number" of a class is itself a class, and is the class of all those classes "similiar" to the given class, two classes being called similar when their members can be paired off by one-to-one correspondence. Thus the class whose members are x, y, z is similar to the class a, b, c, for x and a, y and b, z and c can be paired, and this pairing (among others possible) exhausts both classes. These remarks may indicate that the schools are at least not identical in outlook. Roughly, where the logisticians end in some of their theories the intuitionists begin.

Mention has been made earlier of the work of Lucasiewicz and Tarski in constructing any number of systems in which propositions do not necessarily have one or the other of the two "truth-possibilities"—"true" and "not-true"—but can have any number of "possibilities." This supplements the intuitionist program by the construction of definite, workable non-Aristotelian "logics," precisely as Lobatchewsky and his successors did with their non-Euclidean geometries in surpassing traditional geometry. Is it too much to expect that succeeding generations will resume the logistic program and create not one mathematics but any number they may desire or find useful, with the new logics as skeletons?

In the meantime, mathematics can boast with Henley's hero, "My head is bloody, but unbow'd"; and with Milton's reaffirm its courage and its determination

> Never to submit or yield:
> And what is else not to be overcome.

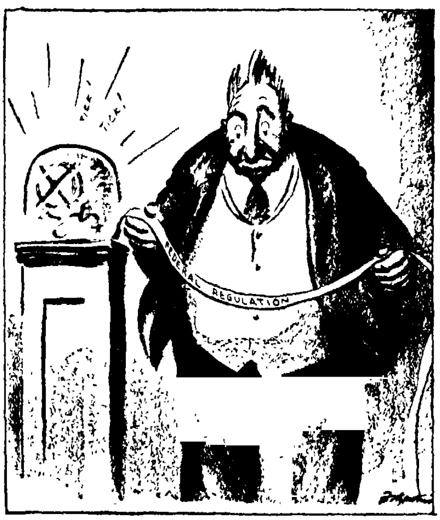
Current History in Cartoons



If we only knew how deep that hole is!
—*The Philadelphia Inquirer*



Prompt attention for all criminal acts
—*New Haven Register*



Bad news on the stock ticker
—*St Louis Post-Dispatch*

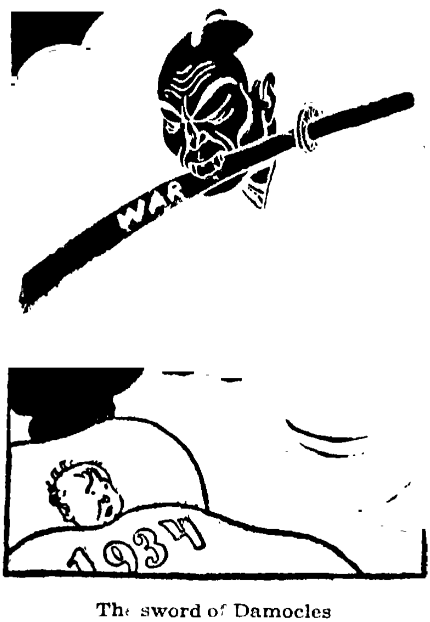


The overhang
—*St. Louis Star-Times*



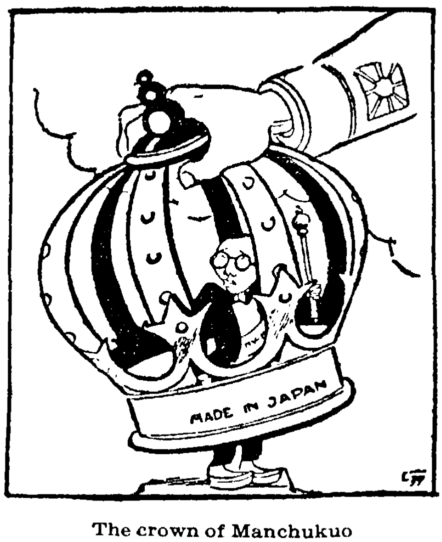
The Oriental octopus

—*Guerin Meschino,* Milan



The sword of Damocles

—*Izvestia,* Moscow



The crown of Manchukuo

—*Pravda,* Leningrad



Giving the country back to the Indians

—The Dallas Morning News



Watching and waiting

—The Courier-Journal, Louisville



Can't a body have a little peace?

—Glasgow Bulletin



Too many obstructions

—The Providence Journal



Where no dictator can dictate

—*The Columbus Dispatch*



"Men must work and women must weep"

—*Daily Herald,* London



France (surprised)—"Mon Dieu! And she promised to be mine alone"

—*News of the World*, London

A Month's World History

The Politics of World Power

By ALLAN NEVINS
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In any general view of world affairs every passing event tends to be related to the question of political and economic stability. The political instability of Europe was painfully evident in those February days when civil war gripped Vienna, while Paris mobs surged about the French Chamber of Deputies. In both countries the vehicle of government was quickly righted and will apparently be driven with a stronger hand for some time to come. In both the new régime answers to an exigent demand from certain quarters, especially business, for energy, decision and conservatism.

From the point of view of European stability, M. Doumergue's new government promises well. With the Socialists and Royalists the only large groups holding aloof, it has broad public support. Its many able members—Marshal Pétain, Barthou, Tardieu and Herriot—lend it prestige. In international affairs it has started off with a stiffer policy; but if it should decide on concessions to Germany, it can carry the country with it much better than preceding governments.

For Europe, the Austrian outlook is far from being so happy. Prince von Starhemberg and Major Fey, the Heimwehr leaders who have taken virtual charge, promise to govern with a stern hand. But the ultimate repercussions of the fighting in Vienna are difficult to predict. In other capitals, especially London, a Nazi triumph within a few months is expected. The manoeuvres of the Italian, Hungarian and German governments, the ominous calm of the Austrian Nazis, the talk of a Habsburg restoration, bode ill for the future. It is true that Great Britain, France and Italy declared on Feb. 17 for the maintenance of Austria's "independence and integrity." But as Hitler's government at once pointed out, Germany is not now threatening Austria's political independence; it is interested primarily in an economic alliance or *Anschluss.*

Meanwhile, the death of King Albert of the Belgians is an event distinctly disturbing to friends of European tranquillity. Not only did his great personal popularity do much to hold together the divergent races and political groups of Belgium but his wisdom, poise and tolerance have in recent years been of distinct value to all Western Europe. Belgium has been one of the stanchest supporters of the League of Nations. She has attempted for some time a rôle of international cooperation, has strictly refused to be a vassal of any group of powers, and has labored for peace.

February saw a certain diminution of the war danger in the Far East. Russia's earnest preparations have apparently produced some effect in Japan. The new Minister of War in Tokyo is less belligerent than his pred-

ecessor; other Ministers are conciliatory; Japanese business men are reported pressing for peace.

But there has been no lessening of the tension between France and Germany, and certain events of the near future may greatly increase that tension. Next year the fifteen-year period fixed by the Treaty of Versailles for the present régime in the Saar Valley terminates; legally, action should be taken not later than January, 1935, to permit the population to vote by districts on maintenance of the League régime, union with France, or union with Germany. Austria's position holds out possibilities of trouble. French complaints of German rearmament are increasing. For these reasons friends of European peace continue to urge action on disarmament. Little progress has been made in the month, but some events of importance may be briefly noted.

The leadership is still taken by Great Britain. Having relieved Captain Anthony Eden of routine work in the Foreign Office and promoted him to be Lord Privy Seal, the government dispatched him on Feb. 16 to visit Paris, Berlin and Rome. A roving mission, such as Washington gave Norman Davis, possesses certain advantages; it enables an agent to compare the views of different governments at first hand. Captain Eden was expected to explain and urge the British Draft Memorandum on disarmament, the full text of which had been given to the world on Feb. 1. This is regarded in England as the boldest and fairest plan thus far devised to combine the German demand for defensive equality with a general European system of security. The two have long seemed irreconcilable. The Draft Memorandum would break the deadlock by permitting Germany to take practical steps toward equalization, while at the same time making France and other States a more definite offer of British intervention against any nation violating the new convention. Indeed, it is proposed that signatories should "consult" in case not merely of violation, but of threatened violation.

The attitude of France at once proved, as was expected, the chief stumbling block to the success of Captain Eden's mission. He was not to negotiate; he was merely to explain, inquire and argue. When he reached Paris on Feb. 17 he met a chilly reception from the Doumergue Cabinet, Foreign Minister Barthou being reported as particularly hostile. Sir John Simon had explicitly stated on Feb. 6 that "Germany's equality of rights in the matter of armaments could not be resisted." But the French, according to press reports, stood upon their previous demand that the rearmament of the Reich be kept within narrow bounds, that the quasi-military Storm Troopers and other formations be dissolved, and that rigid permanent control be instituted.

In Berlin the reception given the British envoy on Feb. 20 and 21 was far more cordial. On the second day, Chancellor Hitler, Foreign Minister von Neurath and Propaganda Minister Joseph Goebbels visited the British Embassy for a conference which lasted four hours. This being Hitler's first visit to the embassy, his friendly gesture aroused much comment. He took a distinctly cordial attitude, and was reported to have accepted the Draft Memorandum in principle, agreeing to modify Germany's recent position. Germany on Feb. 3 had published in full her reply to the French proposals on disarmament, and had objected strongly to the French view of the Storm Troopers, of maintenance of a heavy French superiority in the

air, and of other alleged discriminations which were pronounced "utterly incompatible with the honor and security of Germany." Concessions were therefore important. Captain Eden on departing said that his visit had proved "of real value."

Arriving in Rome on Feb. 24, Captain Eden explained the British position in full to a receptive Mussolini. The Italian Government has its own plan for disarmament, which it regards as superior to the British scheme, but to which the French are equally hostile. Mussolini now waived this plan. Like Hitler, he declared he was willing to accept the British Draft Memorandum as a basis of discussion. An official communiqué issued in Rome on Feb. 26 stated that British and Italian Governments found themselves in complete accord as to objectives and a possible basis for a general agreement.

The net result of Captain Eden's tour was therefore to demonstrate the comparative isolation of France on the disarmament question. This isolation was emphasized in a statement by the Belgian Premier, Count de Brocqueville, on March 7. He declared that theoretically there were two ways to prevent Germany from rearming. One was to invoke League investigation under Article 213 of the Versailles treaty. But Great Britain and Italy, and perhaps other powers, too, would refuse to support such action. The only alternative step was a preventive war. "Such a remedy would be worse than the evil it tries to correct," he said. "No government dreams of it. I refuse to launch our country on such an adventure."

The British and Italian press in general vigorously support Sir John Simon's statement regarding Germany's "equality of rights" in self-protection. Both argue that every sovereign State has an inalienable right to the means of defense; that defensive weapons can be carefully defined—in fact, are defined in the British and Italian plans; and that nobody accuses Germany of the secret manufacture of offensive weapons. It is argued that the facts must be accepted, however reluctantly, just as the facts about reparations had finally to be accepted.

Germany unquestionably believes that, sixteen years after her defeat, she is coming within reach of military equality, and means to have it. The feverish diplomatic activity which has followed her withdrawal from the League and the increasing concessions made to her, stimulate this feeling. The French understand this belief. They also understand that Germany, if equality is once gained, means to go on to other items in the list which Reich leaders sum up by the word *Gleichberechtigung*—that is, an undefined revision of the Treaty of Versailles. Already Germany has gained two great objectives—the evacuation of occupied territory and the abolition of reparations. Equality in arms is to be the third, followed by the recovery of the Saar, *Anschluss* with Austria, a new arrangement regarding the Polish Corridor, and the claiming of colonial mandates. As each is gained, the next on the list will come into view. The recent ten-year agreement with Poland simply means, as the French feel, that items other than the Corridor—the Saar, *Anschluss*—have been given precedence on the list.

The stubborn position on disarmament therefore implies a good deal more than mere objection to the terms of this or that draft convention. It means that France is trying to delay the working out of the whole *Gleichberechtigung* schedule, potentially so

dangerous to her. The longer she resists the third item and the more she restricts the inevitable German victory upon it, the more time she will have to deal with the questions raised by the fourth, fifth and other items, and the stronger will be her position thereon. But all this does not greatly improve her present attitude in the eyes of Great Britain and Italy, who are growing impatient.

BIGGER NAVIES EVERYWHERE

Meanwhile, in all the principal capitals of the world the advocates of larger navies are happier than for many years past. The London Naval Treaty expires in 1936. Next year delegates representing the United States, Great Britain and Japan must meet to resume negotiations upon the forces of their nations. The three governments are sparring for position, for it is presumed—apparently—that the nation with the most keels laid down and vessels appropriated for will have a bargaining advantage. Paper programs can be used in a huge game of bluff, or what in the time of Canning and Clay was called "brag." It may be doubted whether this theory has any real validity. The next naval conference should not, and probably will not, resemble a poker game. But the theory is at least useful in the hands of big-navy men to entice or persuade legislators, and is so used in Washington, London and Tokyo. Simultaneously France is planning to enlarge her navy, and Italy has announced that she is not willing to drop too far behind France.

The first days of March brought a number of definite moves toward large navies. The Vinson naval bill, a blanket authorization for building up the American Navy to the limit permitted by the London Conference of 1930, passed the Senate on March 6. Its cost is uncertain, for appropriation bills are to follow as data are accumulated. Estimates of Chairman Trammel of the Naval Affairs Committee placed it at $750,000,000 and its opponents at possibly $1,000,000,000. The House of Representatives had already passed substantially the same measure.

The British Admiralty, on March 6, also sent to Parliament its budget estimate for adding twenty-five craft, large and small, to the navy. The total came to £56,550,000, an increase of nearly £3,000,000 over last year, and the largest naval appropriation since 1928. Four new cruisers would bring to thirteen the total planned or under construction in Great Britain.

On March 6, again, the Naval Committee of the French Chamber approved a program for spending 913,000,000 francs, to be spread over the budgets of the next five years. Among the ships included in this program was to be a 26,000-ton sister ship of the cruiser Dunkerque, now under construction. The plans for this second Dunkerque aroused irritation in Italy, who till now has not been expected to lay down any new ships. The Italian press at once pointed out that even the first Dunkerque had created a need for a counterbalancing vessel on their side.

Such news presents a dark picture. But against it may be placed the light furnished by the more and more determined efforts of various governments to lessen the international economic warfare so unhappily characteristic of the past few years. President Roosevelt's call for power to make reciprocal tariff agreements with other nations, and the protocol of March 7 by which Poland and Germany ended their nine-year tariff conflict, are indications full of hope.

NRA in the Spotlight

By E. FRANCIS BROWN

ONE of the most exciting years in American history ended on March 4. Yet the activities of the Roosevelt administration had been so varied, at times so confusing, that what they meant few understood. At least the country had been exhilarated, and given the hope that economic recovery was at hand, despite the many discords in the national symphony.

As the administration's first year closed, attention was once more directed to the system that has grown up under the aegis of the Blue Eagle. In Constitution Hall at Washington on March 5, there assembled 4,000 members of NRA code authorities to consider the lessons and problems arising from the codification of American industry. Before this assembly came the President himself, saying: "The National Industrial Recovery Act was drawn with the greatest good of the greatest number in mind. Its aim was to increase the buying power of wage-earners and farmers so that industry, labor and the public might benefit through building up the market for farm and factory goods."

But the keynote of the President's speech in which he discussed how the NRA had been conceived and the need for a balanced economic system was: "I give to industry today this challenge: It is the immediate task of industry to re-employ more people at purchasing wages and to do it now. Only thus can we continue recovery and restore the balance we seek." The President insisted that small businesses be protected and that workers be guaranteed *free choice* in selecting their representatives for collective bargaining. Finally, he declared: "Never again will we permit the social conditions which allowed the vast sections of our population to exist in an un-American way, which allowed a maldistribution of wealth and of power."

The meeting which the President addressed followed extensive hearings before the NRA administrators, attended by representatives of industry, labor and the consumer. General Johnson asked for their criticism; he got it. The hearings opened on Feb. 27, with a speech in which he both defended the work of the NRA and admitted that mistakes had been made. In an attempt to forestall criticism, the Recovery Administrator outlined a rather vague twelve-point program, which included uniformity of hours and wages in competitive industries, higher wages and shorter hours, more equitable price stabilization, more effective rule on costs, adequate labor and consumer representation in an advisory capacity on code authorities, uniform government representation on code authorities, protection against monopoly control, more effective settlement of labor disputes and so on.

But General Johnson did not disarm his critics. The NRA was pretty generally charged with fostering the growth of monopolies. Labor, it was asserted, had been denied the rights supposedly extended by the NIRA, and Mrs. Gifford Pinchot, wife of the Governor of Pennsylvania, described the labor provisions of the act as "a ghastly farce." The consumers also

had their day. A representative of the emergency conference of consumers' organizations urged a "complete shake-up of the NRA high command" to give the people "a fair deal." Another, deploring the disregard of consumers, declared that "under the NRA business groups have gotten very largely what they wanted. * * * They have the right to set up machinery to act in concert and collusively without adequate public control."

When the field day for the critics ended on March 2, General Johnson thanked them and promised to use the information they had given him. But there was an air of unreality about the entire episode. Criticism had been asked for and had been offered, but apparently could not move the General from the position he had taken in his speech at the opening meeting.

Even the sessions of the code authorities had a cut-and-dried quality. That shorter hours and higher pay would be urged upon industry was known nearly a month before the 4,000 delegates assembled. For the rest, the conference, divided into sections for the study of labor problems, small business, price fixing, code administration and code enforcement, accomplished little as far as outsiders could gather. Problems, solutions, criticism and praise fell into now familiar channels. Whether the NRA could be eventually diverted from the path it has followed in its eight months and a half of life seemed doubtful.

The conference only emphasized anew the principal charges against the NRA. The first is that it fosters monopoly by sanctioning business practices detrimental to small enterprise. In answer to this complaint, General Johnson on Feb. 19 announced the creation of an advisory board to study how NRA codes affect small businesses and to safeguard them against monopolistic practices. Clarence Darrow became chairman of this board.

Another complaint is that the NRA is being administered by men too closely affiliated with the businesses which they are expected to make toe the mark. Senator Nye has tried to obtain details regarding the individuals employed by the NRA, their salaries, past business connections and their affiliation with industrial codes, but his resolution as finally passed by the Senate left these facts to be supplied at the discretion of the NRA. The difficulty of finding men for key positions in the NRA was brought home again when on Feb. 24 Colonel Robert H. Montgomery resigned as chief of the Research and Planning Division. The resignation was forced when General Johnson discovered a statute which prevented a man from holding a government position in which he would be obliged to supervise matters affecting the business of his clients. But Colonel Montgomery is only one of many who have found a position in the NRA embarrassing because of business relationships.

Still another, and perhaps the greatest onslaught on the NRA, has come from labor. From the first, labor has found it difficult to enjoy the privilege of collective bargaining supposedly guaranteed by the Recovery Act. The National Labor Board and the regional boards have sought to enforce the provision, but their efforts have failed in several notable instances. The Ford Motor Company is alleged to have refused to bargain with the workers in its Edgewater (N. J.) plant; the E. G. Budd Manufacturing Company of Philadelphia has been involved in a similar dispute; while the

case of the Weirton Steel Company is notorious. Action has been repeatedly taken by the National Labor Board, or by the National Compliance Board, supported in some instances by executive orders, but to no avail.

To strengthen the authority of the board, its chairman, Senator Wagner, on March 1 introduced in Congress a bill under which all company unions would be abolished, recognition of labor representatives by employers would be required, and the board would be made permanent and endowed with full power to enforce its decisions. Nevertheless, "the National Labor Board," the Senator said, "is not designed to act chiefly as a policeman or a judge. Its chief function will be to mediate and conciliate industrial disputes and to offer its services as an arbitrator whenever the parties so desire."

Meanwhile, prospects of employment remain poor. The American Federation of Labor estimated that in January, despite increased industrial activity, unemployment stood at 11,690,000—about 2,000,000 below the peak of March, 1933. Perhaps there was some consolation in the fact that the January job-decline was less than seasonal. But the continuance of so much unemployment gave point to the President's demand for a further shortening of the hours of labor. The A. F. of L. report, issued soon after a similar one from the Department of Labor, strengthened the view that the CWA program was being ended too quickly.

Simultaneously with the beginning of reduction in CWA rolls, the Senate on Feb. 14 approved a bill appropriating $950,000,000 for the CWA and other relief measures. Harry L. Hopkins, CWA Administrator, had already announced that he would wind up the affairs of the organization in such a manner that none of the 4,039,474 persons on the rolls would be left by May 1. By then he expected the PWA program and industrial revival to absorb most of those receiving CWA aid. Many critics regarded Mr. Hopkins as a victim of wishful thinking, and the opposition to terminating the CWA was so strenuous and unemployment so serious that a new relief program was proposed on Feb. 28 by President Roosevelt.

While this program was announced as a system of relief to replace the CWA, it seemed to be only the same thing with a new name. Unemployment relief would be given to three groups: (1) Distressed families in rural areas; (2) individuals living in single-industry communities where there is no hope of re-employment; (3) the unemployed in large cities. The brief explanation accompanying the announcement of the program contained little that was new; the President merely reiterated an old policy in saying that industrial workers who are unemployed should be given an opportunity for livelihood by the prosecution of a flexible program of public works. The plan is to be administered mainly through local agencies supplied with Federal funds.

The Agricultural Adjustment Administration continues along its thorny path. Its major proposal before Congress during February was the Bankhead bill to control cotton production. Though many AAA officials were lukewarm, both President Roosevelt and Secretary Wallace endorsed the bill, which would impose a tax of 12 cents a pound on the ginning of all cotton in excess of 9,500,000 bales and place production on a quota basis. As finally reported to the House the bill set total production at 10,000,-

000 bales and the tax on all cotton over that amount at 50 per cent of the central market price. If enacted, the law would cover the crop years 1934-35 and 1935-36 and give the Secretary of Agriculture broad powers of crop control, including that of protecting "the interests of share-croppers and tenants in the making of allotments."

The AAA has sponsored a bill, now before Congress, to regulate commodity exchanges. It would prohibit all transactions which cause a commodity price to be "reported, registered or recorded which is not a *bona fide* price." In addition, the Secretary of Agriculture has asked that the AAA be empowered to seek court injunctions against violations of marketing agreements and the like. A further amendment to the Agricultural Adjustment Act has been suggested to make compulsory the present voluntary quota agreements between producers, processors and handlers if proposed by two-thirds of the producers representing two-thirds of the crop acreage and volume.

Meanwhile, the AAA had decided to begin immediately to withdraw marginal farm land from production. With the $25,000,000 now available, it is estimated that from 3,000,000 to 5,000,000 acres will be affected.

At many points the recovery policies of the Roosevelt administration coalesce, most notably in relation to foreign trade. Secretary Wallace, for example, has on many occasions advocated tariff reduction to increase foreign trade. In a recently published pamphlet, *America Must Choose,* he again points to the middle road between economic nationalism and economic internationalism as the way toward expanded exports and the maintenance of American living standards. While primarily concerned with finding markets for American agriculture, he no less realizes the whole inter-relationship of farm products and manufactured goods. "There is world trade to be had," he writes. "By paying the price the United States can get its share. It must buy abroad as well as sell abroad. It must import as well as export." Mr. Wallace's position agrees largely with that taken by Secretary Hull and by President Roosevelt.

The President in a special message to Congress on March 2 asked for the power "to enter into executive commercial agreements with foreign nations" and "within carefully guarded limits to modify existing duties and import restrictions in such a way as will benefit American agriculture and industry." The bill embodying the President's recommendations immediately roused opposition among both Republicans and Democrats, forecasting prolonged and controversial Congressional debates.

THE CONGRESSIONAL DOCKET

Congress at the end of the first two months of the session had little legislation to its credit. In January it enacted the monetary bill (see March CURRENT HISTORY, page 717). Less important legislation for relief appropriations and for the guarantee of farm mortgage bonds had also been adopted during the first months of the session, but the remainder of the program was still under consideration.

By the beginning of March none of the regular appropriations bills had been passed and two, the Independent Offices and the Postoffice-Treasury, had given rise to controversy. In the latter the Senate inserted an amendment appropriating $500,000 for the construction of a furniture factory which would fit into a subsistence homestead project at

Reedsville, W. Va., and, by making postoffice furniture, provide a criterion of the prices of private manufacturers. The House refused to accept the amendment and for the time being the supply bill was deadlocked.

The Independent Offices Bill, after running the gauntlet of the House unscathed, met with difficulties in the Senate. First, an amendment restoring the entire 15 per cent pay cut to government employes was voted. Then, defying party leaders, the Senate added to the bill nearly all the veterans' benefits wiped out a year ago by the economy act. Senate action was taken despite President Roosevelt's statement that if the Patman Bonus Bill, then pending in the House, should pass Congress it would be vetoed. Because the two Senate amendments added $354,000,000 to the Independent Offices Bill, House leaders temporarily shelved it.

An extraordinary expense for the Treasury is forecast by the Vinson Naval Bill, which passed the Senate on March 7, after having been previously approved by the House. The bill authorizes the building of American naval strength up to the limits established by the Washington and London treaties. Specifically this would include one 15,000-ton airplane carrier, 99,200 tons of destroyers and 35,530 tons of submarines. The total cost has been estimated at nearly $750,000,000, including about $95,000,000 for naval airplanes. At present twenty-two naval vessels are under construction and thirty more have been provided for by PWA funds. Strangely enough, this vast naval building program has been pushed through Congress without a single strong voice being raised in protest. Administration support, of course, is the real explanation. In the Senate, to be sure, Senator Borah denounced the munitions lobby, which, he said, was spreading war talk in order to aid the sale of armaments. And in the vote on the bill, it was noticeable that most of the Progressive Senators parted company with the administration's supporters.

Ultimately a new tax program will be required, not only for naval construction but also to meet the vast recovery expenditures as well. So far the Treasury has financed the government through the sale of notes and short-term certificates, though some additional revenue will be obtained from the tax bill now in Congress. This bill aims to tighten the existing income-tax law and to make minor changes—for instance, to repeal the tax on checks. When the bill passed the House it was estimated that if accepted by the Senate it would add an additional $258,000,000. Meanwhile, all internal revenues have increased; for the seven months ended Jan. 31 they were higher than for the same period a year ago by $566,708,061.

Before Congress are pending several bills for Federal regulation in various fields of private enterprise. That affecting stock exchanges has received most publicity, but at least two others are of great importance. President Roosevelt, in a special Congressional message on Feb. 26, urged the creation of a Federal commission to regulate telephone, telegraph, wireless and cable communication. Under the bills introduced in both houses, the commission would control rate regulation and have power to study the subject of communications with a view to making recommendations to Congress. Another regulatory measure is the Copeland-Tugwell Food and Drug Bill. (See the article, "Foods, Drugs and Poison," on page 33.)

Hearings on the Stock Exchange

Regulation Bill (see March CURRENT HISTORY, page 720) were held by both houses during February, permitting opponents as well as supporters to state their respective positions. Particular exception was taken to the high margin requirements stipulated in the bill and the apparent discrimination against unregistered securities. In some quarters it was said that the bill would not pass during the present session, unless its proponents were prepared to accept drastic revision, but this prediction carried little weight in the face of President Roosevelt's insistence that the bill be accepted without delay.

THE AVIATION SCANDAL

By the end of February excitement over cancellation of the air-mail contracts had subsided. (See March CURRENT HISTORY, page 724.) The Army Air Corps, which took over the carrying the air mail on Feb. 20, was hampered by unusually bad weather, which caused several fatal crashes. Upon these, opponents of the government seized as an argument against the army's ability to fly the air-mail routes, but it soon lost its force when disasters befell planes of private companies, and when, after the first few accidents, the army fliers appeared to be carrying the mails as satisfactorily as had civilians.

The air mail companies on Feb. 11 played what was apparently their trump card in a letter from Charles A. Lindbergh to President Roosevelt protesting that contracts had been canceled without proper trial and without discrimination between the innocent and the guilty. But there was no direct reply from the White House. One of the President's secretaries suggested that Colonel Lindbergh had been guilty of a breach of etiquette in making his letter public before it reached the President. Postmaster General Farley wired the Colonel that if he knew all the facts he would not feel that injustice had been done. Public reaction demonstrated that Lindbergh's popularity counted as nothing against the President's. Nevertheless, the President indicated his desire that the air mail be returned to the private companies as soon as possible and legislation for this purpose was introduced in Congress.

The Senate committee investigating air and steamship mail contracts continued its examination of witnesses, particularly Walter F. Brown, Postmaster General in the Hoover administration. Mr. Brown vigorously defended his methods of letting airmail contracts, but his testimony and that given by others failed to convince public opinion that the contract system was desirable. The administration was said to be considering direct subsidies to aviation and the merchant marine in preference to subsidies disguised as mail contracts.

Charges of graft in War Department purchases led the House on March 2 to authorize an inquiry into all aspects of the buying of supplies for the army and the leasing of government buildings. This step followed a grand jury investigation of alleged irregularities in procuring materials for the War Department, particularly in regard to airplane purchases. A government audit had already shown that private contractors had made as much as 90 per cent on orders for army planes. That contracts for naval planes also yielded high profits was admitted to the House Naval Subcommittee on Feb. 24 by Charles Francis Adams, Secretary of the Navy under President Hoover. Possibly a national aviation policy will be ultimately formulated, as suggested by the Secretary of Commerce.

IN THE NATION'S MARKETS

General business conditions have, apparently at least, become brighter. *The New York Times* index of business activity rose steadily during February from 77.2 for the week ended Jan. 27 to 84.5 for the week ended Feb. 24. Steel mills during February were operating at 42.78 per cent of capacity, compared with 34.13 per cent in January and 20.83 per cent in February, 1933. Automobile production, speeded up perhaps because of the fear of labor troubles, showed an encouraging gain, though sales lagged considerably behind production, and new passenger car registrations in January were less than in the same month of 1933. A good deal of the business improvement, however, could not stand too close examination, since in published reports comparison was with the abnormal conditions of February, 1933. Moreover, too little attention is given to the misleading effect on sales reports of higher prices. Even if there has been some improvement, its soundness is questionable while unemployment remains so distressingly widespread.

Nevertheless, the administration has still many tricks in the bag for the reviving of industry. One long under consideration is to extend credit to small industry by Intermediate Credit Banks in the Federal Reserve districts, which would supplement regular commercial banking. Another device for aiding business—in this instance foreign trade—is the Export-Import Bank under the presidency of George N. Peek, foreign trade adviser to President Roosevelt. The bank is to have a capital of $11,000,000, of which $10,000,000 is in preferred shares held by the RFC. While its operations at first will be confined to trade with the Soviet Union, it may eventually expand so as to include all countries of the world. Meanwhile, an export bank for promoting and improving trade relations with Cuba is to be set up.

The position of the railroads was disclosed in part on Feb. 27 by reports from twenty-eight of them which showed that net operating income in January was 212.5 per cent above that in the same month of 1933. At the same time Dow, Jones & Co. reported that twenty-four out of sixty-three roads earned net incomes in 1933, compared with only sixteen in 1932.

Much of this improvement is due to reduced operating expenses, which the railroad executives would apparently like to bring down still further, for on Feb. 15 it was announced that they sought to cut basic rates of pay by 15 per cent. A temporary 10 per cent reduction, in effect since June 21, 1933, expires on June 30. President Roosevelt immediately suggested foregoing the 15 per cent cut and extending the 10 per cent reduction for another six months—a solution which the railway heads had undoubtedly expected.

A LIBERAL SUPREME COURT

For the second time within two months the Supreme Court has upheld emergency legislation. On March 5, by a 5-to-4 decision, it declared the New York State Milk Law constitutional. The case hinged on price-fixing. Justice Roberts, who wrote the majority opinion, declared that "the Fifth Amendment, in the field of Federal activity, and the Fourteenth, as respects State action, do not prohibit governmental regulation for the public welfare." Both these amendments to the Constitution include the famous "due process of law" clause

which has been so often invoked to destroy social legislation. "The Constitution," Justice Roberts concluded, "does not secure to any one liberty to conduct his business in such fashion as to inflict injury upon the public at large, or upon any substantial group of the people. Price control, like any other form of regulation, is unconstitutional only if arbitrary, discriminatory or demonstrably irrelevant to the policy the Legislature is free to adopt, and hence an unnecessary and unwarranted interference with individual liberty." This decision, taken with that in the Minnesota case (see March CURRENT HISTORY, page 723), made it seem even more likely that the constitutionality of the Federal recovery acts would be upheld by the court.

PHILIPPINE INDEPENDENCE

The Philippine independence issue was again brought before Congress when President Roosevelt requested in a special message on March 2 that the Hawes-Cutting act be revived and amended. Enacted on Jan. 17, 1933, this law lapsed a year later because the Filipinos refused to accept it. Mr. Roosevelt suggested the revised law provide for the relinquishment of military bases in the islands as soon as independence should be accomplished, leaving naval bases a subject for negotiation between the United States and the Filipinos. Under the original act, military and naval bases might be retained by the American Government if it so desired. The President recommended no other changes, but added: "Where imperfections or inequalities exist, I am confident that they can be corrected after proper hearing and in fairness to both peoples." Señor Manuel Quezon, head of the Philippine mission in the United States, said: "The Philippines Legislature, I am sure, will accept the Hawes-Cutting law if and when it is amended in accordance with the President's message."

CARIBBEAN DEPENDENCIES

The social and economic problems of Puerto Rico have been constantly before the Roosevelt administration. Assistant Secretary of Agriculture Tugwell early in March visited the island to study its agricultural situation in the hope of finding a solution. Meanwhile, Governor Winship, in his first message to the Legislature, had urged economy in government expenditures. Later he came to the defense of Puerto Rican sugar growers, who, it was feared, were being discriminated against by American sugar refiners and by the sugar quota proposals before Congress. The deep social distress among Puerto Ricans was revealed on Feb. 22 by James R. Bourne, Emergency Relief Administrator in the island, who declared that more than 200,000 persons, of whom fully 95 per cent were heads of families, had applied to him for aid. This indicated that about 1,200,000 of the island's population of 1,600,000 were included in the Federal relief program.

The Virgin Islands have also been brought within the scope of the New Deal. President Roosevelt on Feb. 23 announced the appointment of an advisory council of seven to formulate a plan for the social and economic rehabilitation of the islanders.

Canada Shoulders Her Burdens

THE Canadian Parliament during the first six weeks of its sitting had little constructive work to its credit. Half this time was expended in political oratory—based on the speech from the Throne—which was shut finally off on Feb. 13, when the Conservative government won a vote of confidence by 110 to 76. The House of Commons then settled down to work.

Perhaps the most important bill before the House was that introduced on Feb. 22 for the establishment of a central bank to be known as the Bank of Canada. The bank would act as the fiscal agent of the Canadian Government and would have the power to issue notes. Over a period of time the note-issue privileges of the chartered banks would be curtailed. Moreover, all private banks would be required to surrender to the Bank of Canada their gold holdings. The central bank would exercise the usual central banking functions and would also act as a bank of rediscount. According to the bill, a gold reserve of 25 per cent would be required against the total outstanding note issue. Ownership of the new institution would be limited to British shareholders, no one of whom would be permitted to hold more than fifty shares of a par value of $100.

Another problem about which much is likely to be heard in Parliament is that of the Canadian National Railways. It has been estimated that the system will have a deficit for the current fiscal year amounting to about $50,000,000—a sum which hampers the government's efforts to balance the budget and to reduce taxes. The system has improved its position during the past year, but its carrying charges are so heavy that only under most favorable conditions can its operations show a profit. During January, its net revenue deficit was $808,966, compared with $1,907,423 a year before. If the Canadian National system fails to pull out of its difficulties there is no alternative, according to a prominent member of the Bennett Cabinet, to amalgamation with the Canadian Pacific.

Canadian business has continued the improvement that began about a year ago. Heavier car loadings, increased bank clearings and an expanded volume of Winter merchandising encouraged Canadians and gave support to a statement in *Canadian Business* that the upturn should be accelerated during the next few months. Although statistics for February were not available, it was estimated that employment gained during that month as a result of greater activity in all lines, especially in steel and textiles.

Canada's foreign trade during January amounted to $79,043,441, compared with $56,002,946 a year before. Exports and imports for the first ten months of the fiscal year totaled $856,315,471, as against $760,730,185 for the same period in 1932-33. Although there has been considerable expansion of trade between Canada and Great Britain, the effect on business with the United States has not been so serious as seemed probable when the Ottawa agreements were adopted in 1932. According to a recent survey, American exports to Canada fell only $10,000,000 during 1933, in-

stead of the $40,000,000 that had been generally estimated when reciprocal trade arrangements were made between Great Britain and the Dominion. The vagaries of the American dollar affected trade relations somewhat, and the Canadian tariffs, it is charged in England, have been so manipulated that British goods have been unable to enjoy as much of the Canadian market as had been anticipated.

Ultimately, despite Ottawa agreements, it seems probable that a reciprocity treaty will be negotiated between Canada and the United States. In reply to a resolution offered in the Canadian House of Commons on Feb. 19, for opening negotiations for such a treaty, Premier Bennett said that the negotiations begun last year had not been abandoned. He added that should President Roosevelt be given power to bargain on tariffs, the subject of a treaty would again be before the heads of the two governments.

A special committee of the House of Commons which has been investigating wages, hours, prices and business conditions has disclosed shocking abuses in many sections of Canada. In Toronto full-time wages were shown to be so low that individuals were able to exist only by receiving partial relief from public welfare agencies. In Montreal it was discovered that girls were being paid as little as $2 a week, and wage-cutting was growing worse. Chain and department stores were said to be the worst offenders. Minimum wage laws have been widely flouted. In rural Quebec, for instance, girl workers in one shoe factory were receiving $1.50 for a 75-hour week, while a biscuit factory in Montreal paid its workers 5 to 11 cents an hour until the Quebec Minimum Wage Board interfered. Small wonder, when such conditions exist, that the Dominion and Provincial Governments have found their resources overtaxed by demands for relief.

NEWFOUNDLAND'S STATUS

Newfoundland on Feb. 16 surrendered its Dominion status for rule by a commission appointed by the Crown, in accordance with the recommendations made by a Royal Commission last November. Governor Sir David M. Anderson, chairman of the governing commission, emphasized that the new status would continue only during the existence of the island's economic emergency. Although immediate study of Newfoundland's tariff system was planned by the commissioners, an official announcement made it clear that tariff revision could not be expected this year.

The Death of Sandino

By CHARLES W. HACKETT
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THE assassination of General Augusto César Sandino on Feb. 21 removed from the Nicaraguan scene its most colorful character and, at the same time, Latin-America's most popular contemporary hero. The story of Sandino's rise within less than seven years from obscurity until he ranked among Latin-Americans as an outstanding figure—comparable, according to Argentine press comment, to the heroes of South American inde-

pendence, San Martín and Bolívar—will inevitably be perpetuated by his tragic end.

Sandino was born in Nicaragua forty years ago, the son of a coffee planter, and received his education in the schools there. Little is known of his youth and early manhood, but the United States Marine Intelligence Service in Nicaragua claims that he had been convicted of a crime in early life and had fled to Mexico to escape punishment. Sandino's critics refer to official reports to prove that he was for a time a lieutenant of the Mexican bandit, Pancho Villa, and that he participated in Villa's murderous raid on Columbus, N. M., in 1916; his apologists deny that he aided Villa. In any case, Sandino returned to Nicaragua in 1926.

In the civil war waged in 1926-27 between the Liberals and the Conservatives (the latter had the moral support of the United States), Sandino raised a force of 800 men and rendered valiant service to the Liberals. The nominal leader of the Liberals was the present President of Nicaragua, Juan B. Sacasa, and his generalissimo was his predecessor in office, General José María Moncada. In May, 1927, the United States, acting through Colonel Henry L. Stimson, personal representative of President Coolidge, resolved to impose peace and disarmament on Liberals and Conservatives alike. At the same time the United States assumed three major responsibilities designed to secure peace and to forestall future revolutions, namely, to supervise the 1928 elections (and, as it later developed, those of 1930 and 1932 as well), to organize on a non-partisan basis a Nicaraguan constabulary commanded by American officers, and to guarantee order pending the organization of the constabulary. At the famous conference between Colonel Stimson and General Moncada at Tipitapa on May 3, 1927, this scheme was presented by the United States to the Liberal commander. Moncada thereupon agreed to order his troops to lay down their arms.

But Sandino refused to do likewise and, in protest against the Tipitapa agreements, which he regarded as legalizing armed American intervention in Nicaragua's internal affairs, he resorted to guerrilla warfare. On July 1, 1927, the United States Department of State announced that one Sandino, a former employe of an American mine owner in Nicaragua, had raided the latter's mine at the head of some fifty armed bandits. Henceforth, to the United States Department of State, Sandino was a bandit; to many Nicaraguans and to the overwhelming majority of Latin-Americans, however, he typified the very soul of patriotism in that he dared to oppose the intervention of the United States in his native country.

Sandino's determined fight against United States Marines and, later, against the Nicaraguan constabulary under its United States officers, has been detailed month by month in CURRENT HISTORY and does not need to be retold here. Suffice it to say that for nearly two years the Marines in Nicaragua, who numbered at one time more than 5,000, assumed the sole responsibility of attempting to capture Sandino. But he, with not more than 500 followers, established himself in the virtually inaccessible northern provinces and successfully defied both the land and the air forces of the United States. Between April, 1929, and May, 1931, the responsibility for carrying on the anti-Sandinista campaign was shifted to the Nicaraguan National Guard, while all Marines in Nicaragua were concentrated in Ma-

nagua. The transfer brought new energy into the drive against Sandino, but this proved of no avail. So threatening did the situation become that Nicaragua floated a loan of $1,000,000 for increasing the strength of the Guard. Nevertheless, the rebels became more active in the Fall of 1932; they even attacked a village within twenty miles of Managua and threatened the railroad near León.

Despite this rebel menace, and in accordance with the State Department's previous announcement that it could not "undertake general protection of Americans" in Nicaragua, the last American Marines were withdrawn on Jan. 3, 1933. Their efforts to capture Sandino and to give moral support in this task to the Guard had been spread over five and a half years—with the exception of about six months when Sandino was in Mexico—and had cost the Marine Corps more than 130 lives and the United States Government several million dollars and the animosity of many Latin-Americans.

The withdrawal of Marines prepared the way for an agreement between Sandino and the new President, Dr. Sacasa, who was inaugurated on Jan. 1, 1933. By this agreement, signed on Feb. 2, 1933, Sandino promised to demobilize all but 100 of his followers; the remainder were to be employed in farming projects on public lands or in a program of public works for the northern area. Subsequently, conflicts arose between Sandino's men and the National Guard and it was to discuss with President Sacasa the ways and means of terminating these conflicts that Sandino made his tragic final visit to Managua. A letter which Sandino is alleged to have written to President Sacasa on Feb. 19, and which was published on the evening of his assassination, offers a possible explanation of the deed. In this letter Sandino charged, among other things, that the National Guard was unconstitutional.

Sandino's assassination followed a dinner which President Sacasa had given in his honor at the National Palace. When Sandino's party, including his father, Senator Gregorio Sandino; his brother, Socrates; two aides, Generals Umanzor and Estrada, and Minister of Agriculture Salvatierra, reached the main gate of the palace grounds, guardsmen seized the two Sandino brothers and the two aides, took them to the outskirts of Managua and there executed them.

The government promptly announced that the assassination was in violation of strict orders "to guarantee the lives of Sandino and his followers" while they were in Managua, "ordered an immediate investigation" and asked Congress for "necessary facilities to maintain public order." In anticipation of possible trouble, President Sacasa at once declared a state of siege. Three days later (Feb. 24) President Sacasa issued a statement in which he formally placed the blame for Sandino's death upon "maladministration in the National Guard." He added that he was "conducting a rigorous investigation to the end that the perpetrators should be duly punished to satisfy the honor of the Nicaraguan Army, with which the national honor is intimately entwined." Dispatches of Feb. 28 from Managua indicated that a movement was on foot to justify Sandino's murder. Documents were alleged to have been found on the dead chieftain pointing to a plot to seize certain forts in Nicaragua and to overthrow the government.

RESTIVE CUBAN LABOR

The new Mendieta government in Cuba early in February faced a major

labor crisis which culminated in a general strike. Though the government weathered that storm, the attitude it was forced to adopt toward labor aroused the unions so strongly that at the beginning of March there were again serious threats of a general strike and perhaps even civil war between the government, supported by the army, and the masses of Cuban workers.

The return to the Cuban Electric Company of its properties was followed on Feb. 3 by a strike of about half the company's employes. As a result, electricity, gas and water supplies and street car service were imperiled throughout Cuba, since this American corporation—the largest in the island and an affiliate of the Electric Bond and Share Company—holds a virtual monopoly of electric power in Cuba. Havana was partially crippled for a half day, but with the full backing of the army, under the command of Colonel Fulgencio Batista, the government adopted plans to prevent public utilities from being suspended. In a manifesto to the people President Mendieta stressed his obligation "to free Cuba from a state of chaos and ruin" and invited the cooperation of all classes. Workers were urged to return to their jobs while their demands and aspirations were being studied by the government. Employers and all business were asked to assist in "the restoration of economic life through the efficient use of their resources and organizations to give an impulse to production and solve the unemployment problem." The government's attitude was interpreted as a declaration against the radicals who had been fomenting labor troubles.

In a radio broadcast on Feb. 24, President Mendieta again dealt with the situation brought about by a class struggle, and once more appealed for cooperation in the government's effort to restore peace and prosperity. "The employer," he said, "must take into account that the pauperized working class constitutes a difficult social problem. The worker, in turn, must realize that his economic salvation depends on his stability and that when he lends himself systematically to agitation inspired by radicalism of foreign origin he is conspiring against his own well-being and against the sovereignty of his country."

Other strikes were already in progress or quickly materialized after Feb. 3. A strike of tobacco workers involved more than 30,000 employes, and a strike of bus workers halted bus transportation throughout Havana Province and spread to other provinces. Strikes organized by the huge labor opposition had, by Feb. 4, virtually paralyzed the sugar industry, halted tobacco exports, and deprived vast areas of electric power. Two persons were killed and four wounded when soldiers fired into a crowd that protested against the occupation of a hospital by military forces. A general strike of all workers in Havana was called for midnight on Feb. 6, in sympathy with the striking employes of the Cuban Electric Company. With the army prepared to cope with the situation, Chief of Staff Fulgencio Batista promised that the operation of public utilities would be maintained and guaranteed the personal safety of those who did not join the strike.

The general strike was reported to have failed as early as Feb. 7, and two days later President Mendieta expressed the belief that labor troubles were no longer a major threat to his administration and that Cuba was on the road to tranquillity. More than 100 strikes ended on Feb. 10 when a "social emergency" law authorizing

the State to terminate all strikes "endangering the nation" became effective. Strict enforcement of the law by the army was reported and on Feb. 12 striking employes of the Cuban Electric Company returned to work, thereby ending the labor crisis which had threatened the existence of the Mendieta government.

Meanwhile a Provisional Constitution, under which Cuba is to be governed until a new constitution is adopted, was signed by President Mendieta and his Cabinet on Feb. 4 and sworn to by them the following day. It guarantees personal rights, habeas corpus, free assembly and free press, grants full woman suffrage, and makes provision for the election of delegates to a Constituent Assembly before Dec. 31, 1934. This Provisional Constitution supplied Cuba with an organic law for the first time since Sept. 14, 1933, when Provisional President Grau San Martín abrogated the original Constitution of 1901, which his immediate predecessor, De Cespedes, had declared in force in place of the so-called Machado Constitution.

The day after the Provisional Constitution was sworn to, a crowd of 3,000 students and their sympathizers protested against its elimination of the death penalty, which automatically commuted the sentences of a number of officials of the Machado régime recently imposed by the Tribunal of Sanctions. When the demonstrators refused to disperse, the police fired into the crowd and killed one man and injured ten others.

Cuba's Secretary of State, Cosme de la Torriente, on Feb. 10 voiced the appreciation of the Cuban Government for President Roosevelt's recommendation that Cuba be granted a sugar quota of 1,944,000 short tons for 1934. Although the quota was not as large as had been hoped for, he stated that it would undoubtedly bring about a rise in the price of sugar and thus would improve conditions in the island, thereby "reestablishing the peace and order indispensable for return to normalcy." Another step designed by the United States Government to be of economic assistance to Cuba was taken on Feb. 14 when the Federal Alcohol Control Administration announced that unlimited amounts of alcoholic beverages produced in and exported from Cuba would be allowed to enter the United States until March 1.

MEXICO'S LAND PROBLEM

One of Mexico's oldest problems has been that of land distribution. By 1910 the greater part of Mexican lands and the vast majority of all populated places in Mexico were confined within the bounds of the plantation system, with peonage the hard lot of at least three-fifths of the people. The revolution in that year was primarily a violent protest against this intolerable situation, and its chief accomplishment up to 1930, as well as almost the sole cause of the end of internal warfare, has been the distribution of more than 16,000,000 acres of land to about 750,000 families. That this agrarian reform was inadequate has been clearly understood by Mexican leaders, since, under the agrarian law as of 1930, at least 1,209,824 additional families were entitled to receive at least 23,420,000 additional acres. Moreover, several million Indians in 1930 were living in plantation settlements too small to be classed as villages entitled to receive land under existing law. For these reasons an enlarged agrarian program was included in the recently promulgated Six-Year Plan for Mexico's rehabilitation.

In an interview to The United Press, released on Feb. 4, General Lázaro

Cárdenas, Presidential nominee of the dominant National Revolutionary party, emphasized the agrarian program under the Six-Year Plan and listed its other aims, in the order of their importance, as follows: (1) Stimulation of education; (2) improvement of health conditions; (3) promotion of irrigation projects; (4) building up of the merchant marine; (5) an increase of confidence in the administration both at home and abroad. General Cárdenas made it clear that the plan calls for the break-up of vast landed estates and the redistribution of millions of acres to the Mexican masses. Asserting that land in Mexico formerly belonged to the Indians, who were forced to relinquish it to their Spanish conquerors, General Cárdenas, who is of Mexican, not Spanish, descent, endorsed the theory of the return of this land to the descendants of its original owners and declared that he was preparing to put it into effect and terminate the exploitation of the nation by great landed proprietors. One result will be that many large landowners, many of them Americans, particularly in the border States, will have to prove their titles to the lands dating from the Spanish conquest— an impossibility in probably the majority of cases.

New immigration regulations, decreed by the Mexican Department of the Interior on Feb. 16, forbid all foreign laborers and all business men, except those investing 20,000 pesos (about $6,000) for industrial or agricultural and not commercial purposes, to enter Mexico. Alien executives of foreign companies already operating in Mexico must prove that their presence in the country is absolutely necessary to be allowed to remain during their connection with the foreign company. No foreigner will receive permission to remain permanently in Mexico until he has been there five years, fulfilling all the provisions of the law. The status of professional men, artists and educators remains unchanged by the decree.

An "absentees' tax" ranging from 2 to 4 per cent on gross earnings of all kinds originating in Mexico, but sent abroad for any purpose, was enacted by a Presidential decree on Feb. 23. This tax applies to all persons residing abroad and receiving such funds.

COSTA RICAN ELECTIONS

Elections to fill twenty-nine out of a total of forty-three seats in Costa Rica's National Congress were held on Feb. 11 and resulted in a victory for the Republican National party. This assures the present government of control of the next Congress, which meets on May 1. Although the government won only fifteen of the twenty-nine seats that were to be filled, the opposition of fourteen is scattered and consequently ineffectual. The real Opposition elected only six and the Communists two members.

CRISIS AVERTED IN PANAMA

A plot to assassinate President Harmodio Arias of Panama, which was announced by the President himself on Feb. 1, was frustrated, but nevertheless produced some political unrest. Colonel Juan Antonio Jiménez, Minister of Government and Justice, and Premier in President Arias's Cabinet, resigned his portfolio on Feb. 2, following the publication of reports that his son, José S. Jiménez, was one of the instigators of the conspiracy. Colonel Jiménez protested his own innocence and his ignorance of the conspiracy and demanded that the guilty ones be brought to justice. Seven of the alleged conspirators had been arrested by Feb. 5.

The Chaco War Goes On

By HENRY GRATTAN DOYLE
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BOTH Bolivia and Paraguay, it was reported in Buenos Aires on March 6, have rejected the treaty of peace recommended by the League of Nations Commission on the Chaco, and presented to the two countries on Feb. 24. The commission proposed that the Bolivian and Paraguayan armies be withdrawn immediately from the disputed territory upon acceptance of the peace plan. Demobilization of military forces would then take place and, pending a final solution of the dispute by the Permanent Court of International Justice, the army of each State would be limited to 5,000 men. Until the court could reach its decision the Chaco was to be policed by both Bolivia and Paraguay, their respective districts being separated by a neutral zone.

Bolivia, in rejecting these proposals, suggested that direct negotiations between the two combatants for guarantees against the resumption of hostilities be conducted under the auspices of the League Commission, and that final settlement be left to the tribunal at The Hague. Even before it was known that the commission's plan had been rejected, pessimism pervaded the capitals of the ABC powers, for neither contestant had altered its previous position. Paraguay maintains that the Chaco question is one of frontiers, while Bolivia still holds that it is territorial.

When the proposed treaty of peace was put forward it was announced that it represented the final effort of the League of Nations Commission. The preamble of the treaty refers to the situation as a "state of war," and as both countries are members of the League, the use of this phrase raises an interesting question. Previously the League has avoided using the term in dealing with the Chaco, just as it did in connection with the hostilities in Manchuria. If the League Council accepts the commission's definition of the present situation as a "state of war," it is difficult to see how it can avoid a declaration that one or both of the parties have violated Articles 12, 13 or 15 of the League Covenant. In that case, the members of the League could hardly avoid the application of "sanctions" and, as a corollary, the establishing of a precedent which might cause embarrassment in dealing with Far Eastern and European problems.

Juan Bautista Saavedra, President of Bolivia from 1921 to 1925 and a defeated candidate for the Presidency in 1931, arrived recently at the Chilean port of Arica, having been deported from Bolivia for political reasons. He declared that the situation in Bolivia was "grave," and that there was considerable dissatisfaction with President Daniel Salamanca. According to Señor Saavedra, many Bolivians consider the President responsible for Bolivia's defeat in the Chaco, because he "forced the country into war when it was not prepared." These statements may be taken with the proverbial grain of salt, but there is good ground for believing that there is considerable unrest in Bolivia.

Meanwhile, the Paraguayans continued their steady progress in the field. Following the military successes of January, two Paraguayan armies advanced westward in parallel lines, the northern army capturing Fort Cabezón, fifty-one miles west of Fort Plantanillos, on Feb. 12, and the southern army Fort Magariños. On March 3 the Paraguayans took Fort Linares and on March 5 Fort La Señora. By this advance the Paraguayans pushed the Bolivians behind the sixty-second meridian, the line proposed as the western limit of the "neutral zone." Early in the war Paraguay offered in previous plans for settlement to withdraw behind this line. Having gained this ground at the cost of many lives, the Paraguayans are now unwilling, according to reports, to accept the suggestion for withdrawal. Retirement of troops, as required by the proposed treaty, would mean that the Paraguayans would have to go back 800 miles and the Bolivians only 200. Paraguay is reported to have suggested to the League Commission that, because of her preponderant military advantage, she should be permitted to police the entire territory.

THE LETICIA MUDDLE

Negotiations for a settlement of the Leticia muddle were resumed by representatives of Peru and Colombia in Rio de Janeiro on Feb. 9, with Afranio de Mello Franco, former Brazilian Foreign Minister, acting as neutral commissioner. On several occasions during the month sensational reports of popular agitation at Leticia, and even of clashes between Colombian and Peruvian forces, were received. These were formally denied by Foreign Minister Solón Polo of Peru. An official statement on Feb. 28 by the Brazilian Ministry of War indicated that garrisons had been established at three strategic points on the Upper Amazon, in accordance with a "routine plan recommended some time ago by a military commission."

Ambassador Restrepo of Colombia arrived in Lisbon on Feb. 28 to complete arrangements for the purchase from Portugal of two recently built light cruisers for the Colombian Navy. It was announced in Bogota on Feb. 22 that the Colombian Government had contracted for a short-term loan of 3,500,000 pesos from the Bank of the Republic, pledging for the service of the loan the national gasoline sales tax, which yielded 1,400,000 pesos in 1933. [At par the peso is worth about $1.65.] Proceeds of the loan, according to the report, will be used to pay for the Portuguese cruisers.

ELECTIONS AND CONVENTIONS

Argentina went to the polls on March 4 to elect members for the national Chamber of Deputies. Eighty-one seats were to be filled, and about 2,000,000 votes were expected to be cast. The main body of the Radicals, the "Personalistas," or adherents of former President Irigoyen, abstained from voting. In many instances provincial and municipal elections were held at the same time, requiring the presence of voters at three separate polling booths. Results of the elections will not be known for several weeks because of the complicated system of counting and rechecking votes.

The elections were conducted with relatively little disorder, although serious difficulties arose in the province of San Juan during February. The disturbances in this province, which even during the Irigoyen régime was the seat of political strife, began on Feb. 21 when a coalition of National Democrats and Socialists—

both supporters of President Justo—headed by State Senator Carlos Porta, seized public buildings and telegraph and telephone offices. Governor Federico Cantoni was wounded in the fighting. Rear Admiral Ismael Galindez assumed his duties as Federal "interventor," the first appointed under the Justo régime, in the province on Feb. 26. Efforts to force the appointment of an "interventor" in Tucumán Province by similar disturbances were reported to have failed.

In Colombia, Dr. Alfonso López, the Liberal candidate for President, was overwhelmingly elected in the elections of Feb. 11. The new President, a Liberal, has asked the Conservatives to submit proposals for necessary amendments to the Constitution, which was adopted in 1886. Sensational reports from Quito, Ecuador, on Feb. 28 that a revolution had broken out in Colombia were categorically denied.

The Brazilian Constituent Assembly has been debating the question whether election of a national President and Vice President should precede or follow completion of the complicated task of drawing up a new constitution. On Feb. 24 it was unofficially reported that the Assembly had agreed to elect a new President immediately after the new constitution passed its first reading. On March 2, however, it became known that fourteen of the twenty-six members of the Assembly's drafting committee had refused to sign the draft of the proposed constitution, thereby preventing its presentation for a first reading on the following day as planned. A large but peaceful workers' demonstration was held in Rio de Janeiro on March 3 in protest against reported labor provisions of the new constitution. The group demands recognition of the right of collective bargaining, the eight-hour day, one month's vacation each year, prohibition of child labor, and accident, old-age, unemployment and maternity insurance. A "joker" in the proposed constitution was disclosed by Señhorita Bertha Lutz, when it was brought out that while the new draft provided for woman suffrage, it also restricted the suffrage to those who had performed the required military service.

In Uruguay a constituent assembly has been occupied in drafting a new constitution for that country. According to reports, the new draft abolishes the National Administrative Council, which, under Uruguay's unique system, has shared executive power with the President for the last fifteen years.

PAN-AMERICAN AFFAIRS

On March 4 it was unofficially reported that the Third Pan-American Commercial Conference, which was originally convoked for the month of April in Santiago, Chile, and to which many economic and financial questions of the Montevideo Conference had been referred, had been postponed until October, when it is hoped that the currencies of the various countries, and especially that of the United States, will have been stabilized.

President Roosevelt, on March 6, forwarded to Congress a report from the Bureau of Public Roads of the Department of Agriculture dealing with a reconnoissance survey of an Inter-American highway connecting Panama and the United States, the first stage in the proposed Pan-American highway project discussed at Montevideo.

Britain on the Up-Grade

By JOHN RAWDON

By contrast with the rest of the world the British Empire, and Great Britain in particular, are remarkable not so much for the events which have occurred and are occurring as for the events which are anticipated and whose development is regarded with apprehension. There has been within the last year a very definite growth of business activity, but largely in consequence of measures of a negative character. It is founded on restored confidence and on cheap money, on balanced budgets, on a severe attempt to rectify the trade balance, almost on the basis of "low living and high thinking." But this improvement can be traced chiefly to cheap money and confidence.

The steady determination to find a way back to prosperity by old and tested means has no spectacular character. It is very slow, though it seems to secure results. It has the virtue of requiring little rapidity of decision, little alteration of policy, to be made effective. But events outside the empire are moving rapidly and not altogether propitiously. The spread of dictatorship in Europe, the continued commercial encroachments of Japan on British export markets, and even in Britain itself, the monetary and economic policies of the American administration, all cry out for responsive action in London. The political opponents of the government upbraid it for what may seem to be a sluggish policy, and even many of its supporters are calling for more positive action.

The black, gray, green and blue shirts which begin slightly but perceptibly to stipple the landscape of the British Isles respond at once to European fascism and are a cause of some disquiet to the cohorts of orderly progress. The opposition cries for more lenient treatment of the unemployed and for a more effective pursuit of disarmament. It can see little to be recommended in low living in respect of the one, and demands higher thinking in respect of the other. The more reactionary of the government's own supporters ask for higher tariffs, a bigger navy and air force, a firmer imperial policy, a reduction in the income tax. And last but not least they want a reconstruction of the Cabinet.

It is unavailing for the government to say to its opponents that it hopes devoutly for the success of its disarmament policy, for a quieter Europe and a more prosperous world, and it is just as difficult to appease supporters. The interest, the wish, of the government is to preserve the status quo, but the status quo continually vanishes and changes. The government, in fact, faces the dilemma of adaptation which must face all conservatives in a changing world. It is anxious about events which would drive it into adopting measures which at present it desires to avoid. A failure to reach any kind of agreement on European disarmament, a reversal of the trade improvement, or one of various possible kinds of political accident—any of these would strengthen the opposition and might result in a change in the composition

and policy of the Ministry. The issues might thus become more clean-cut, but it is doubtful whether this would be of any advantage to either side.

The early part of the year is a time of stock-taking, and in addition to the numerous annual reviews published in the press, the chairmen of Britain's "Big Five" banks take the opportunity offered by their annual meetings to comment on and discuss the happenings of the old year and the prospects and hopes for the new. The statements are interesting for the kind of self-assessment which English people are making as well as for the annual survey which they provide.

The banks have continued to earn, and to pay, the usual high rates of dividend, varying between 12 and 20 per cent. (The yield at present prices is, of course, in accordance with the state of the money market, from 3¾ per cent to 3⅞ per cent, or about ½ per cent higher than gilt-edged securities.) Earnings are a little lower than in the years before the depression, but the banking structure is firm, and provides an unimpaired basic monetary machinery for whatever improvements there may be.

Apart from their own banks the chairmen are interested first in monetary policy. There is general agreement among them that trade is improving, and that plentiful supplies of credit—cheap money—provide the basis. Mr. McKenna of the Midland Bank is inclined to be complacent about trade policy and to consider the monetary lever almost sufficient in itself, but Mr. Goodenough of Barclay's thinks it inadequate without increased confidence, and agrees with other leading bankers in believing an increase in international trade to be essential to any true return of prosperity. And Mr. Campbell of the National and Provincial says that "no country can do by itself more than a little." Cheap money, in fact, is a necessary mechanism, but the difficulties which have to be faced are not chiefly monetary, but political, and are to be found in the spread of nationalism. Cheap money lowers costs, and permits expansion where the market is open, but it is not effective in getting over high trade barriers. Mr. Beckett of the Westminster and Mr. Campbell are inclined to favor some expansion of public works in the form of housing and slum clearance, on the ground that at the present stage of the depression such governmental expenditures would stimulate industry while promoting employment and providing assets of permanent social value. But on the whole any suggestions for modification of a *laissez-faire* policy which the bankers make are of a minor character, and indeed, they continue to show a very remarkable attachment to the old liberal and free trade ideas.

The views of these British bankers on American policy are, as might be expected, not altogether favorable, and they are unwilling to proceed along lines of exchange depreciation —a very different thing from cheap credit—or of approving such a large increase of public debt as has occurred in America. Most of them would agree with the London *Economist* in believing that because of the difficulty of estimating the effects of American policy on price levels and on the gold currencies, or of prophesying the future tariff policy of the United States, it would be unwise to tie the pound to the dollar. Despite the contentions of some Americans, British economists and officials continue to insist that the Exchange Equalization Fund has not been used for exchange depreciation, and that so long as American policy

does attempt to achieve that very end without succeeding in raising the price level in proportion, a hand-to-mouth policy will be necessary. At the same time there is no desire to embarrass the gold-bloc countries or to start a currency war with the United States. This amounts to a belief that until conditions are favorable for an international agreement the pound will have to proceed on its independent way. This view differs from that presented by Professor Alzada Comstock in CURRENT HISTORY for March, and Neville Chamberlain's reported coolness in the House of Commons late in January toward an immediate currency agreement with the United States should be considered in this light. The rumors current about the beginning of February, when the pound was quoted at about $4.87 to $4.95, that a return to gold was under consideration, should be taken with a grain of salt.

When will conditions be favorable for an exchange agreement? This question will sooner or later have to be decided. Meanwhile, the dominating fact on the London gold market during February was the American price of $35 an ounce for gold, which made it possible to ship gold to New York. The London price gradually approximated to that in the United States as shipments of gold were made, and on March 1 it was reported that the British fund had again entered the market from which it had abstained during most of the preceding month. American banks were buying on March 2, but there was no indication of competition between the British and American authorities.

In opposition to British banking opinion concerning money and its relation to trade is the view held by some industrialists, particularly in those parts of the north of England where there are export industries. Here the dangers of exchange depreciation are not so impressive as the immediate advantage it would give to exporters. The cotton trade, while showing improvement in some directions, has little hope of developing exports in the face of the depreciation of the Japanese yen and the growth of cotton manufacturing in India and China. This explains the views of the manufacturers. Nevertheless Britain's international trade is very far from extinct, and in certain respects is reviving.

Great Britain's net debit balance of international payments shown in the annual official estimate by the Board of Trade was reduced from £104,000,000 in 1931 and £56,000,000 in 1932 to only £4,000,000 in 1933. Some of the improvement was due to an increase of about £10,000,000 in the return from foreign investments, though the income from shipping continued to decline. Exports increased by about £2,500,000. Allowance must be made for the reduction in war debt payments, which materially improves the debit balance.

In January, imports, chiefly of raw materials, increased considerably, and were more than £10,500,000 greater than in January, 1933, and £1,500,000 greater than in December. Exports for the month increased by £2,400,000 over January, 1933, and £1,100,000 over December. A considerable portion of the increase in imports consisted of raw wool; the Yorkshire wool industry is still in a definite state of boom, though it suffered a slight setback in February, and is in some branches feeling the effects of increased Japanese competition.

The condition of British overseas trade is not satisfactory. The chief successes of 1933 were increased markets in countries like Denmark, with

which special trade agreements had been made. Failing general expansion of international trade through a world-wide restoration of the prewar system, the accepted alternative in England is the method of reciprocal agreement. The Federation of British Industries in a statement issued in mid-February urged that "the full development of British industry cannot be accomplished without an active export trade" and that the most-favored-nation principles should be modified. But the proposals actually made by the federation are rather in the nature of a club for the recalcitrant than an inducement to the countries with which trade is desired, for it is the remission of duties, rather than the threat of their imposition, that is most likely to lead to increased international trade.

Sometimes, however, bargaining seems to produce few effective concessions. The trade dispute between Great Britain and France is a case in point. In the intervals between changes of French Cabinets, the British Government has been trying to persuade the French to reduce the high surtax imposed after Great Britain went off gold. France finally agreed to this for a great many goods, as from Jan. 1, but the list when published omitted so many important commodities that the British retaliated by imposing a 20 per cent supplementary tariff on certain goods. The French replied that from Feb. 13 the trade treaties of 1826 and 1882 would be denounced, the denunciation coming into effect three months after the date of notice. Negotiations for a new treaty are under way.

More satisfactory was the conclusion on Feb. 16 of a temporary commercial agreement between Great Britain and the Soviet Union, which was approved on March 1 by the House of Commons without a division. It is for the most part similar to the agreement of 1930 which was denounced in 1932 because of difficulties in the application of most-favored-nation provisions to a State which engages in trade, and because of the agreements concerning timber preferences made with Canada at Ottawa. The most-favored-nation clause in the new agreement provides for negotiations on questions of unduly low prices.

The Anglo-Japanese discussions on the textile trade have several times approached deadlock owing to Japan's unwillingness to discuss anything but British Empire markets. Japan refuses to agree to a division of foreign markets which she believes she can capture, but wants a definite proportion of the empire markets.

The unsatisfactory condition of foreign trade is offset by a general advance in domestic business. While parts of Northern England and the coal districts still wear a forlorn appearance, many industries producing goods for consumption are now prospering. According to the monthly index of business activity published by the London *Economist*, with a base of 100 in 1924, the figures for January, 1932, 1933 and 1934 were respectively 94.4, 95.5 and 109.2. The December, 1933, index number was 104.5 and the monthly average for 1929 was only 110. England is showing an unsuspected capacity for absorbing her own products, and this is reacting somewhat on the heavy industries and transport. Railway returns, for example, have shown a decided improvement during the past few months.

The shipbuilding industry has also offered some encouraging signs. The British proportion of world total tonnage under construction rose from 29 per cent in 1932 to 44 per cent in 1933,

but this implies only an improvement from 5 per cent to 20 per cent of capacity. The capacity was, of course, greatly overextended during the war, and has not yet been reduced to normal levels. Although the general principle of government assistance to shipping is still unsettled, the decision to finance the renewed construction of the great Cunarder, and possibly a sister ship, was very welcome to the shipbuilding industry. An important aspect of the arrangement is that the money is to be provided as an investment at low rates, and not as a subsidy. The ships are to be owned and managed by a new company controlling the North Atlantic fleets of the Cunard and White Star Companies.

Political developments in England have been comparatively unimportant. There have been persistent rumors of Cabinet changes, particularly with reference to Sir John Simon, the Foreign Secretary, who, it was said, was to be transferred to the Home Office. Ostensibly the purpose of the change would be to have Sir John deal with the Mosely Fascists, who have created a number of disturbances and who have come into conflict with the law by aiding and abetting Sussex landholders who have refused to pay their "tithes" to the church. These rumors have annoyed Sir John, and his denial has been confirmed by Mr. MacDonald. Another theory had it that Mr. MacDonald was tired of criticism and wanted to resign in favor of Mr. Baldwin. But none of this gossip has been substantiated.

The British Black Shirts are so far causing only slight concern. Lord Rothermere apparently relented of his enthusiasm for this cause, and during February decided to retire from the field, explaining his sudden crusade as "just an incident."

More serious for the government was the smallness of two of its Parliamentary majorities. The first was on the question of unemployed relief in respect of dependent children, when a number of the government's supporters combined with the Opposition to demand an increase, and the second on a critical motion relating to the Government of Ceylon, proposed by right-wing members of the Conservative party.

This year, as last, a "hunger march" on London was organized by the Communists, and though only about 2,000 persons seem actually to have marched in from the provinces, their parades and meetings in London attracted large crowds. A considerable body of police was assembled to bar the way in case of an attempt to demonstrate within the "sacred mile," around Westminster Palace, as happened last year. The government refused to be disturbed and, according to certain critics it treated the marchers rather cavalierly. There was little disturbance. The marchers' purpose was to demonstrate against the "means test" and the Unemployment Insurance Bill. To some extent the protest was effective. The House of Commons, following precedent, refused to hear a delegation, but the objects of the march received full discussion in the House. Meanwhile, the Unemployment Bill has been taking up the major part of its time during the month. Unemployment figures in January showed a large seasonal increase of 165,000 over November, but it was of shorter duration than usual. Registered unemployment declined by 71,000 to 2,317,909 in February, which is about 540,000 less than a year before. The improvement in the building industry was most marked, and over 26,000 returned to work.

The other chief subject of discussion in Parliament was disarmament. In the debate on Feb. 6 the government received support, though not always enthusiastic support, for the policy set forth in the White Paper, which is admittedly an attempt at a working compromise and by no means the expression of an ideal. Sir John Simon put the situation shortly as follows: "Approaching the whole thing in a spirit of realism, we reach the inevitable deduction from two propositions, neither of which can be effectively challenged. The first proposition is that Germany's claim to equality of rights in the matter of armaments cannot be resisted and ought not to be resisted. Secondly, no practical solution can be found on the basis that all nations throughout the world immediately abandon all weapons denied to Germany by the Treaty of Versailles. The conclusion is that in a new convention you will have to face some rearmament by Germany."

Disarmament and peace are essential to the plans of the present government, and there is no reason to doubt its sincerity in seeking an agreement. Suggestions have been made that the tour of Captain Anthony Eden, the Lord Privy Seal, through the capitals of Europe was primarily intended to save the face of the government so as to meet criticism from Arthur Henderson and the Labor party and to prepare for the next election. This is neither just nor reasonable, for it is perfectly natural for a government to desire to maintain its popularity. The people want disarmament, and the government or its representatives at Geneva have been trying to achieve disarmament, although some of its supporters and even certain Cabinet Ministers may be personally convinced that the wish is futile.

The attitude of the government and of its more level-headed supporters was indicated on Feb. 7, when a motion for rearmament was rejected. Winston Churchill, as usual, played the part of the *enfant terrible,* and apparently was willing to fight the whole world single-handed. The naval and air estimates for expenditure in the coming year show an unwillingness on the part of the government to prejudice the chances of a settlement. The increases are surprisingly small in comparison with those of other nations.

Unilateral disarmament, or even unilateral action in minimizing the increase in armaments, cannot be expected from any government if agreement fails to come. The final confession of failure is an eventuality to which England does not look forward with an easy mind, and out of which may spring unpredictable developments.

Following recent precedents the Conservative majorities at Cambridge, Lowestoft and North Portsmouth have been reduced at by-elections, but the seats were all retained by the government. On the other hand, Labor made substantial gains in County Council elections. The victory which placed it in control of the London County Council was particularly notable and caused a great deal of misgiving in government circles.

Coalition Rule in France

By GILBERT CHINARD
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It is generally agreed that France's "little revolution" of Feb. 6 should not be regarded as an attempt to overthrow the republic.* In proof of this there is the fact that a new and presumably "timely" proclamation posted by the partisans of the Duc de Guise, the French Royalist pretender, passed completely unnoticed after M. Doumergue's arrival in Paris. And the Royalist fighting organization known as the Camelots du Roi could at no time count on popular support. Yet the rioting made it unmistakably plain that public opinion was strongly aroused against the dilatory methods used by Parliament in dealing with the budget problem, and that it had likewise lost confidence in the judicial branch of the government—mainly because of its failure to act promptly and effectively in the Stavisky affair.

Former President Doumergue, the current "savior of France," accepted the Premiership in these difficult circumstances. Noted for working "silently," he managed also to work quickly in the emergency. After making a laconic appeal to his fellow-citizens for calm and confidence, he quietly organized a Cabinet of "all the talents" and appeared with it before the Chamber of Deputies on Feb. 15. His Ministerial declaration, or statement of policy, was clear and to the point. He asked for a political truce and the re-establishment of order and public security as the basis for improvement in business. As to foreign affairs, he simply declared that "peace among Frenchmen is a powerful guarantee of world peace and the security of France. Only peace at home will give us the necessary authority to play a useful rôle in the League of Nations and in international conferences." He then insisted that all interpellations be postponed until after the budget had been voted, adding that if Parliament did not respond to his appeal he would go home again, "saddened by the thought of the disasters that partisan spirit could bring to his country." In spite of the interruptions of the Socialist leader, Léon Blum, who insisted that the Chamber be dissolved and new elections held, the new Cabinet received a vote of confidence by an overwhelming majority of 400 to 100.

Finance Minister Germain-Martin at once took advantage of this favorable situation to introduce a short bill abrogating financial measures already passed and permitting the adoption of the budget as a whole and without discussing it item by item. This measure was likewise passed by the large majority of 465 to 125, the Socialists and a few Radical Socialists standing firm against the government. On Feb. 22 the Chamber of Deputies approved the budget estimates presented by the government. They called for expenditures of 48,418,000,000 francs and receipts of 48,477,000,000 against the estimates of the Chautemps Cabinet,

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*For a different interpretation of recent events in France see the article by Roger Mennevée on pages 25-32 of this magazine.

which reached 50,162,000,000 francs. The government was authorized to reduce expenses by decree, a measure deemed necessary by Premier Doumergue to insure the stability of the franc. The Senate approved the budget with unimportant changes by a vote of 270 to 20 on Feb. 27, and confirmed the discretionary powers already granted by the Chamber. After an all-night session during which the clocks were stopped at midnight the budget was finally adopted on Feb. 28. On the same day, the Chamber, by a vote of 430 to 152, passed a bill granting the government power to change the existing tariffs by decree. This measure was passed in the Senate by a show of hands.

It was noted during the debate that Premier Doumergue never abandoned the calm and smiling manner which had made him so popular while President. He did not threaten the Chamber and particularly avoided any reference to the possibility of dissolution and new elections. In fact, he confirmed the already strong impression that he would try to bring about the necessary reforms only through constitutional methods, without attempting to set up a government resembling in any way a dictatorship. Knowing exactly how much he could obtain, he promised that the necessary economies would be made without cutting the salaries of the government employes. In this way he strengthened the none too solid truce which had been reluctantly accepted by the different political parties.

It was apparent, however, that the truce could not be maintained if the Stavisky affair and the riots of the beginning of the month were again discussed before the Chamber. In order to avoid any immediate debate, and at the same time to fulfill his promise to bring the culprits to justice, the Premier agreed to the appointment of two Parliamentary commissions to investigate all the ramifications and consequences of recent events. Each commission was composed of forty-eight members, and in each proportional representation of the parties gave the majority to the Left. Deputy Guanut, a Radical Socialist, was elected chairman of the Stavisky commission. It was hoped in this way to take the affair out of politics, at least temporarily.

On Feb. 21 a new and dramatic turn was given to the investigation. The body of Judge Albert Prince, who had already testified before the magistrates in charge of the prosecution in the Stavisky case and who was known to have important information in his possession, was found on the railroad tracks near Dijon. He had been stabbed and then tied down, after having been lured from Paris by a fake telephone message calling him to the deathbed of his mother. The *Echo de Paris* at once charged that M. Prince had been "decoyed, trapped and assassinated by the political Mafia, in order to suppress an important witness in the Stavisky case," and the accusation that he had been killed by the police was freely made by the opposition papers, including the *Action Française*.

In order to calm the public outcry, which threatened again to become dangerous, the government mobilized all the police forces at its disposal, and it was decided by the Ministry of the Interior to offer a reward of 100,000 francs for information leading to the arrest of the murderers—a rather unusual procedure in France.

Still another development occurred on March 2 when the beautiful widow of Stavisky was arrested, although she had always maintained she was entirely ignorant of her husband's af-

fairs. Appearing before the Parliamentary Commission of Inquiry on March 5, she declared that although she believed at first that her husband had committed suicide, she was no longer certain that such was the case. In the meantime, a former police detective, recently discharged for neglect of duty during the investigation, turned over to the magistrates 1,200 stubs from Stavisky's check books. They were supposed to contain much information about the persons on Stavisky's payroll. (Stavisky was not of Polish origin, as stated here last month, but was a native of Russia.)

Without waiting for the results of the inquiry the Cabinet decided to proceed with the shake-up of the administration of justice. George Pressard, brother-in-law of former Premier Chautemps and Attorney General of Paris, held responsible for the many postponements of the Stavisky case, was removed from office. Henri Hurlaux, assistant prosecuting attorney for the Court of Appeals and secretary to former Premier Daladier, was also dismissed. Altogether, eighteen persons, including two members of the Chamber of Deputies, have been arrested, and of these twelve are still being held in custody. Further arrests and a more energetic prosecution of the case have been promised by Minister Chéron.

In spite of the nominal truce, party strife continues in the Parliament. Meeting informally, a large number of Radical Socialist Deputies pledged themselves to oppose any adjournment of Parliament before Easter, and the Socialists, with Léon Blum at their head, were still determined to vote against the Cabinet. Their attitude caused Ferdinand Buisson, recently re-elected President of the Chamber, to resign from the party. On the other hand, M. Marquet, one of the leading neo-Socialists, was criticized by his colleague, M. Renaudel, for accepting a portfolio in the new Cabinet. The financial situation alone and the fear of precipitating a crisis which would result in a disaster to the franc are keeping the Deputies in line.

During the first ten days of February the gold loss was estimated at 3,300,000,000 francs, bringing the gold reserve of the Bank of France to its lowest point since early in 1932. For the week ended Feb. 14 the gold reserve stood at 74,882,000,000 francs, compared with a previous low of 76,945,000,000 on Dec. 22, 1933, and a high of 83,350,000,000 on Dec. 2, 1932. It was also noticed that more than 1,000,000,000 francs in notes had been withdrawn from circulation, presumably for hoarding. This may have been due to M. Doumergue's failure to pledge his government to the maintenance of the gold standard in his Ministerial declaration. In any case rumors circulated that the government was considering the possibility of inflating the currency. On two occasions, however, M. Germain-Martin denounced the idea of devaluing the franc and agreed with the Senate Finance Commission that "a constant level in value of the franc is necessary to the life of the nation." On March 1 he pledged the government to give the country an "absolute guarantee of a stable currency. The outflow of gold has been checked, at least for the time being, and the coverage is still ample; but the treasury situation is far from satisfactory."

A new loan for the reorganization of the postal, telegraph and telephone service was offered on Feb. 19 at a purchase price of 895 francs per 1,000-franc bond. The bonds are to mature in thirty years, bear 5 per cent inter-

est and are exempt from all special taxes. It is understood that the amount desired was about 1,000,000,000 francs, but no limit was officially set. The unwillingness of the treasury bondholder to renew his bonds when they come to maturity is disappearing very slowly and it is estimated that almost 25,000,000,000 francs in banknotes and about 15,000,000,000 francs in gold are still hoarded by the French public. A report issued by the Ministry of Finance showed that for 1933 tax receipts were about 1,800,000,000 francs below the estimates. The sharp decline in income tax payments during the last quarter of 1933 accounts largely for this poor showing. To add to the difficulties facing the Cabinet the unemployment figures showed a comparatively large increase in the week ended Feb. 10, a total of 343,715 persons being listed on the rolls of the relief agencies.

A New King in Troubled Belgium

By MAURICE HALPERIN
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EARLY in the morning of Feb. 18 the mutilated body of King Albert of the Belgians was found at the foot of the Marche des Dames, a steep pinnacle among the rocky cliffs overlooking the River Meuse. The previous afternoon he had gone climbing in this picturesque region. A piece of rock on which the King had taken hold gave way, causing him to fall sixty feet to his death. He was buried with picturesque and impressive ceremonies on Feb. 22. Born in Brussels on April 8, 1875, he had ascended the throne on Dec. 23, 1909.

On the day after the funeral the Crown Prince, who was born on Nov. 3, 1901, and who married Princess Astrid of Sweden in 1926, became King Leopold III. The brilliant coronation ceremonies were marred only by the shouting of the two Communist Deputies who voiced their disapproval by crying out, "Long live the Soviets!"

The new King took up the reins of government on Feb. 23 by refusing the resignation of the Cabinet which, according to tradition, the Premier, Count de Broqueville, presented to him. At the same time a stormy meeting of the Chamber of Deputies—the second since the burial of King Albert—made it clear that the internal difficulties of the kingdom, which have been steadily growing more acute since the war, were only temporarily set aside while the nation mourned the late monarch. On Feb. 22, scarcely an hour after the funeral, a meeting of the Chamber had ended in an uproar when a group of Flemish Deputies objected to holding a secret session for the preparation of the message to the new King. When a Communist Deputy attempted to cast suspicions on what he termed the "singularly disturbing circumstances of the King's death," pandemonium broke lose. Two days later there was a similar scene, but the President of the Chamber, M. Poncelet, refusing to tolerate attacks on the late King by both Flemish Nationalists and Communists, closed the session.

Although Belgium is a constitutional monarchy, with the monarch

presumably little more than a figurehead, Belgian kings have had a good deal to do with the actual governing of their country. When the kingdom was created in 1830, Leopold I established his influence as a leading force in the government. His successor, Leopold II, scarcely kept within the narrow bounds of parliamentarism and Albert I, with perhaps even less political capacity than his predecessors, never failed to make his personal influence felt. It now remains to seen in what way Leopold III will affect Belgium's two outstanding problems—the economic crisis and the Flemish question.

While the severity of the economic crisis in Belgium is not to be minimized—there were riots in Brussels before the death of King Albert, and the Communists, who number about 100,000, called upon the workers to refuse to recognize Leopold III and to proclaim a republic—it is the Flemish problem that is the more serious at the moment. It threatens both to disrupt the unity of the kingdom and to cause international complications affecting the peace of Europe. Since the end of the World War the national self-consciousness of the Flemish-speaking Teutonic Belgians, who number about half the population and occupy the northern half of the kingdom, has grown tremendously.

France, on annexing Belgium in 1794, very largely created the present-day racial-linguistic problem by destroying the old system of provincial autonomy and replacing it with a highly centralized régime, which recognized no language other than French. During the twenty years of French occupation, the wealthy and powerful Flemings were thoroughly Gallicized, linguistically and culturally, while Flemish, still the language of the masses in Flanders, lost its prestige and gradually sank to the level of a dialect. Since then the well-to-do Flemish bourgeoisie, the only class with political influence in Flanders, has supported the French-speaking Walloons whole-heartedly in their efforts for cultural and political unification. Consequently, when the first Flemish national movement arose in the late 1830s, it was among the lower middle classes and made a strong appeal to the great body of Flemish-speaking workers and peasants.

During the nineteenth century and until 1914 a certain amount of "Flemification" took place in local public life, but the central Walloon bureaucracy, supported by powerful Flemings, held firm on more drastic reform. Under the German occupation from 1914 to 1918 the more aggressive Flemish nationalists, known as Activists, collaborated with the Germans who fostered the political autonomy of Flanders. The more moderate Flemings, known as Passivists, were interested only in cultural autonomy and refused to cooperate. With the evacuation of the Germans and the return of the Belgian troops and government in November, 1918, King Albert, in his first address to Parliament, adopted the Passivist position by declaring for the complete linguistic and cultural autonomy of Flanders. The King's initiative finally led to the triumph of the Passivist or Minimalist program as it came to be called; in spite of the vigorous resistance of the French-speaking, upper-class Flemings, French by 1930 was practically eliminated from Flanders (Brussels still remaining a bilingual city) and Flemish took its place in the courts, government offices, the army and the schools, including the University of Ghent.

The Maximalists, successors to the

war-time Activists, refused, however, to consider this important reform as an adequate solution of their problem and today the various wings of this group demand either administrative autonomy, with a new constitution that would change Belgium into a Flemish-Walloon Federation, or complete independence or union with Holland. King Albert's liberal attitude on the Flemish question did not save him from being hissed and booed by a mob of Flemish separatists in St. Trond during the Fall of 1931.

Geographical position as a buffer between three great powers, France, Germany and Great Britain, permits Belgium to play a rôle in world politics far out of proportion to her size and lends international significance to any internal movement seeking to destroy her national unity. Since the war Belgian foreign policy has been closely linked to the French. The military defensive agreement between the two countries, signed in 1920, made it clear that however much Belgian statesmen might insist that their foreign policy was independent, the common Franco-Belgian front against Germany would not permit any wide divergence on important issues. This relationship was re-emphasized last December when the Belgian Government decided to continue the French line of underground forts along the eastern frontier, thus creating a single system of defense reaching from the Alps to the North Sea.

The death of King Albert raised the question in some minds whether the new King would remain as favorably disposed toward France as was his father. The hurried trip of the three leaders of the new French Cabinet, M. Doumergue, M. Tardieu and M. Herriot, to Brussels on Feb. 19 was due in part to some concern on this point, while the German press intimated that the death of King Albert had cast "the shadow of a large question mark over Belgium" because of the critical state of the Flemish-Walloon question. Nevertheless, Leopold III, in his speech before the Belgian Parliament on Feb. 23, assured his people and the world that he would follow his father's policies.

Of perhaps greater import than King Leopold's personal policy both to Belgium and to Europe is the recent growth of Flemish fascism and its natural reaction, the intensification of Walloon nationalism. In view of the lower middle-class leadership of Flemish nationalism, a thoroughgoing "Flanders-for-the-Flemish" movement would inevitably in these days of economic stress turn to fascism. With Hitlerism as example and model, and not without financial support from the Nazis, a militant Flemish Fascist party has sprung up.

Representing the most extreme form of nationalism and separatism, Verdinaso, an abbreviation for Verbond van Dietsche Nationaalsolidaristen (Consolidated Netherlandish Nationalist party), appeared on the scene in the Fall of 1931, led by the would-be Flemish "leader," Joris van Severen. The Dinasos, as they are nicknamed, resemble the Nazis in all important respects. They propose to create a new corporative State—Greater Netherlands—which would unite Flanders and Holland. The party membership today numbers some 10,000 men without counting its following in Holland, which is said to be small. Several auxiliary organizations have been created, including a union of Dinaso labor unions with an additional membership of close to 10,000, the Jongdinaso-Vendels, or Youth Movement, and the Dinaso Militie, a special corps of trained shock troops, the élite of Flemish fascism. The

party now prints a weekly paper entitled *Hier Dinaso!* which is anti-Walloon, anti-French, anti-Marxist and anti-Semitic, but pro-Hitler. All through Flanders the Dinasos have established their Green Houses, which flaunt bright-colored orange standards. These Fascists, whose marching uniform is almost an exact replica of the Nazi costume, are, like their German brethren, Brown Shirts.

Across the linguistic frontier, in Wallonia, extremists are also gaining ground. There we find the blue-shirted Belgian National Legion, which, like its rival, Verdinaso, is also a Fascist organization, but aiming at a united Belgium under Walloon dictatorship and close relations with France.

The Brown Shirts, however, are the more formidable Fascist group today. Appealing as they do to the national and race consciousness of 4,000,000 Flemings who have long considered themselves an oppressed people, well organized, gaining strength daily, with their own military outfits and an ambitious separatist program, and emboldened by Nazi success and support, the Dinasos present the most serious threat to Belgian unity since the founding of the kingdom. Yet, if they should attempt to seize power, international complications would undoubtedly follow. The determined opposition of the Walloons to separatism, the interests of France in maintaining Walloon political domination, the Teutonic character of Verdinaso, the unconcealed sympathies of Germany for Flemish nationalism, the Dutch reaction to Flemish expansionism, and the classic aversion of Great Britain to any German expansion in the direction of the Channel—these and other clashing interests could soon set Europe on fire again.

The Nazis' Birthday Party

By SIDNEY B. FAY
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ON Feb. 25, the fourteenth anniversary of the founding of the National Socialist party and the drawing up of its famous twenty-five-point program, more than 1,000,000 Nazi leaders throughout Germany took a renewed oath of loyalty to Adolf Hitler. Fifteen thousand of these leaders gathered before the supreme Nazi chiefs at the Brown House in Munich. The rest assembled in the public squares of their own cities and villages and listened to the voice of Rudolf Hess, Hitler's chief deputy, coming to them over the radio and asking them to repeat the oath: "I swear unswerving loyalty to Adolf Hitler, and unconditional obedience to him and to the leaders designated by him."

The oath was intended to emphasize the principle of leadership, which is one of the Nazis' proudest contributions to the science of government. There was doubtless a reason for this emphasis. With all the tremendous changes which have been brought about by Herr Hitler in the organization of every branch of life—political, economic, social and religious—there have been many cases in which the authority of various subordinates seemed to conflict. Behind the supposedly solid front of the Totalitarian

State certain leaders have struggled against one another in their own selfish interests or in behalf of the departments over which they claimed to have been assigned authority. This national oath of personal loyalty was intended to check any tendencies toward insubordination and internal party conflicts. Those who took the oath included 375,000 party functionaries, 120,000 labor officials and 205,000 Hitler Youth leaders.

On the evening before the oath-taking, Herr Hitler himself made an address in the now famous Hofbrau Haus in Munich where fourteen years ago he first captured a mass meeting by his extraordinary oratorical ability. He recalled the glorious struggle which the Nazi party had made to raise Germany from the condition into which it had fallen under Republican rule and the humiliations of the Versailles treaty, and declared that he would submit his policy for approval to the nation every year.

It was officially reported on March 1 that the number of political prisoners still held under "protective arrest" in prisons and concentration camps had been reduced to about 8,000. This figure is questioned by German Socialists outside Germany; so also last October, when the German Government announced a total of 22,000 political prisoners, Socialists in Prague insisted that the number was nearer 80,000. Even if the present official figure of 8,000 may be somewhat underestimated, there is no doubt that in recent months, as internal conditions have been stabilized, the authorities have shown a corresponding willingness to release persons arrested because of criticism of or supposed hostility to the Nazi régime. Many former Socialist leaders have been freed and the number remaining is being rapidly reduced. Some concentration camps, it is stated, are being liquidated. Most of the persons still under arrest are said to be intellectual leaders or officials of the former Communist party.

THE GERMAN PRESS TODAY

More than 600 German newspapers have ceased to exist since Hitler came into power. Some of these, like the Socialist and Communist papers, were directly crushed by the government. Others have suffered so much in circulation that they have had to suspend publication. This fall in circulation is partly due to the restrictions on the freedom of the press, which make the papers less interesting reading and tend to a dull uniformity of subject-matter—the reprinting of innumerable speeches of public officials and summaries of new decrees. It is also partly due to the ousting of experienced Jewish editors and publishers and the passing of the control, as in the case of the *Berliner Tageblatt*, into the hands of relatively untrained or incompetent National Socialists. Still another cause of the extinction of German papers is that many were primarily organs of the different political parties; they were supported by a political party, or at least found their main body of subscribers in the party membership, and when these parties were crushed, or "coordinated" with the Nazi party, the journals lost their reason for existence—or at least their financial support.

A Nazi regulation requiring circulation figures to be published makes it possible for the first time to learn the relative position of the leading papers. The official Nazi organ, the *Voelkischer Beobachter*, has, for Germany, the enormous circulation of 220,000 for its North German edition and 90,000 for its South German edition. Among the leading papers for

advertising purposes the *Berliner Morgenpost* comes first with 340,000. Many newspapers famous abroad have a relatively small circulation in Germany itself; the *Berliner Tageblatt* has fallen to 74,000; the *Frankfurter Zeitung* and the *Deutsche Allgemeine Zeitung* have a circulation of 65,000 and 62,000, respectively; the *Vossische Zeitung,* one of the oldest of German newspapers, has less than 50,000.

The German press has recently inclined to a little more independence of expression. Editorials no longer confine themselves so much to Siam, Japan, Argentina and other distant regions, but speak more freely of conditions in Germany itself. The speeches of Hitler, Goebbels and other prominent Nazi leaders are, of course, dutifully printed, but there are more suggestions to the government of things that need improving. Early in February Dr. Goebbels criticized the press because it could not find and follow a golden mean. "It is either anarchist and destructive, or cringing as a lapdog," he said. "It criticizes everything or nothing." The middle course which he urged was that of "independent, noble, well-meaning criticism of new measures, intermingled with constructive and sound advice." But in many editorial offices it was felt that this criticism did not touch the difficulties arising from the compulsion to print the official speeches and from the danger of suspension or suppression entailed by too outspoken comment on the government and its Minister of Propaganda. Declining circulations and the accompanying increase in the sales of foreign journals were already troubling German newspaper publishers. Since Dr. Goebbels invited criticism, however, two newspapers have very cautiously supplied it.

The *Frankfurter Zeitung,* on Feb 11, in a leading editorial which combined artless candor with pointe irony, recalled that the German newspapers had previously lived by propagating and criticizing the doctrines o the various political parties. But th voting of Nov. 12, when 93 per cen of the German people endorsed th National Socialist government, "deprived the newspapers of the duty o conducting themselves as the representatives of various political schools and gave them the right to discuss al questions of public life on the might stage of an unexampled public unanimity." It could not be said that th duty of the press was to record th echo of public opinion to the deeds o the government. "For what is publi opinion? The nation directly addressed by its leaders keeps so close contact between leaders and led tha it would be senseless to regard th newspapers as the mouthpiece of th led."

The *Deutsche Allgemeine Zeitun* declared that readers desired the en of a period which had led to an increased import of foreign newspapers Lord Northcliffe had invented th journal with more pictures than new —for those who could not read. I Germany there were few people wh could not read a newspaper, but ther were those who no longer wished t read one. They were not reactionarie or enemies of the State; they simpl demanded that newspapers shoul fulfill their task as chroniclers in order that rumor should not be rife They wanted individuality in thei newspapers, but the compulsory reproduction of speeches often alread broadcast, and of official and non official statements, left no room.

Two weeks later, on Feb. 28, D Goebbels invited some two hundre representatives of the foreign press i

Berlin to a tea party at the Foreign Office. He then made a long address in which he urged that they present the situation in Germany in a more unbiased fashion to their foreign readers. Germany was seeking new solutions with new methods for problems in Europe, he said, and the correspondents could serve Europe best by reporting German events with "truth and clarity."

THE RELIGIOUS CONFLICT

The religious conflict between the Nazi Reich Bishop Mueller and the passively resisting moderate Protestant pastors continued through February without reaching any definite conclusion. On Feb. 7 Bishop Mueller carried the conflict into the camp of the opposition by a new edict to "legalize" his measures for its suppression. The whole presiding board of the Prussian Protestant Union was abolished. Pastors might thenceforth be transferred from one parish to another at his will or even retired without the right of protest. These orders were issued by Dr. Mueller in his capacity as Bishop of Prussia and so applied only to that State. But Prussia includes more than two-thirds of German Protestantism.

This step, however, did not frighten the opposing pastors into surrendering their position. On Feb. 23 the Free Evangelical Synod of the Rhineland, meeting at Barmen, urged pastors and elders to refuse to obey the ordinances of the present church régime. It adopted a resolution declaring that "the tranference to the church of the secular principle of leadership works out to the destruction of the church. We appeal to our congregations to insist on retaining those of their pastors and elders who because of their steadfast loyalty to their faith are now threatened with removal." On the same day the Berlin congregation of Rev. Martin Niemoeller, the organizer and head of the Pastors' Emergency League, which opposes Reich Bishop Mueller, unanimously demanded that Dr. Niemoeller be restored without restrictions to his pulpit.

Dr. Mueller then announced his appointment of three men to form a sort of new ecclesiastical ministry to serve as his personal advisers. They are to take the place of the church cabinet originally contemplated in the new Nazi constitution of the United German Evangelical Church; Bishop Mueller had been forced to abandon two church cabinets because the opposition pastors would not recognize their authority or because the men appointed refused to serve.

Sharp friction has continued between the Catholics and the Nazi authorities. This arises from differences over the interpretation and application of the concordat which was ratified last September; over the efforts of the Nazis to enroll young Catholics in the Hitler Youth organization and thereby weaken similar Catholic organizations, and over the arrest of numerous Catholic priests and laymen for criticizing Nazi proceedings. One of the most outspoken critics has been Cardinal Faulhaber of Munich, who has urged Protestants to join Catholics in defending Christianity against Nazi "paganism," some of whose extravagant proposals he denounced in a remarkable series of sermons last Christmas. He has not been arrested, but shots were fired through his windows by an unknown enemy. On Feb. 27 the Pope conferred upon him the title of Papal Legate; this title carries with it diplomatic immunity, and may have been a move to forestall any attempt to place this distinguished prelate under "protective arrest."

JEWS IN GERMANY ORGANIZE

With the aim of uniting the Jews in Germany, a new organization called the Reich Representation of German Jews was formed on Feb. 14. Its council, consisting of several score of Jewish leaders, at its first session adopted a resolution calling on German Jews to "bury internal dissensions and unite. All the forces of German Jewry should serve one aim—to secure for every Jew in the Fatherland not only living space but also liberty to profess and practice his Jewish faith openly and unrestrictedly."

Although Dr. Frick, the Reich Minister of the Interior, has repeatedly issued orders that irresponsible Nazis are not to interfere with Jewish businesses or exceed the regulations laid down by the State authorities, there is little indication of any moderation of the laws restricting Jews in the professions. On March 5 Dr. Goebbels issued a sweeping regulation for the removal of all non-Aryans from the German stage. Declaring that "non-Aryans who had disappeared and who had apparently, for the most part, fled abroad, were again appearing in German theatres, variety shows and cabarets," he pointed out that the right to appear on the German stage depended on membership in the Theatre Chamber, which is refused to non-Aryans. For this reason he requested State governments to instruct their police to prevent the appearance of any non-members, and if non-Aryans proved their membership, to report such cases to the president of the Theatre Chamber for reinvestigation.

THE PACT WITH POLAND

Ratifications of the Polish-German non-aggression pact signed in Berlin on Jan. 26 were exchanged in Warsaw on Feb. 24. This pact is a ten-year amity agreement; in the spirit of the famous Kellogg-Briand pact, the two countries agree to avoid resort to war and to settle by direct negotiations all disputes arising between them. Two days later Berlin announced a "propaganda alliance" that is probably unique in international affairs. In the words of the official German statement: "To promote the effect of the recent Polish-German agreement, the representatives of both parties have agreed to cooperate on all questions in forming public opinion in their respective countries to the end that mutual understanding may be increasingly awakened and that a friendly atmosphere may thereby be assured. Complete unanimity was reached respecting steps to be taken in the fields of the press, authorship, radio, moving pictures and the theatre."

Another step toward friendship and cooperation between two nations which have been so bitterly hostile was taken on March 7, when a protocol was signed to end an eight-year tariff war between them. Germany agreed to cease applying a maximum tariff schedule against Poland, to admit certain amounts of Polish iron and steel and to permit the transit of Polish livestock and animal products. Poland dropped her maximum tariff against Germany and opened her frontiers to fixed quotas on a wide range of German articles. The commercial interests of Danzig were specially safeguarded. The new agreement is expected not only to improve still further political relations but also to give a powerful stimulus to German-Polish trade, which dwindled from nearly $300,000,000 in 1924 to $43,000,000 in 1933.

Civil Strife in Spain

By WILLIAM E. LINGELBACH
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IN Spain the parties of the Right, after the first enthusiasm over their victory in the national elections, made a gesture of cooperation with the Radicals. But an increasing sense of their own strength, coupled with the determination to swing the legislative and administrative policies of the republic well over to the Right, has since made them much more aggressive.

Speaking in Seville on Feb. 4, Gil Robles, the young leader of the Spanish Christian Socialist movement, declared that his party—now known as Acción Popular Agraria—not only accepted the republic, but was ready to enter the Cabinet and assume the responsibilities of office. Backed by the largest single following in the Cortes —111 Deputies—Robles has become a most formidable rival for leadership, the more so since he is supported also by the 30 minority Agrarians led by José Martinez Velasco, by the 25 Catalan Regionalists and by the 12 Basque Nationalists—a total of 178 votes. Despite the defection of the two out-and-out Monarchist parties, and of Count Romanones of the Agrarians, the Right bloc therefore outnumbers by nearly fifty votes the Centre with its 102 Radicals, 18 Republican Conservatives, and 15 Liberal Democrats—a total of 135.

The tenure of office of Premier Alejandro Lerroux, the veteran leader of the Right Centre, thus depends more than ever on the good-will of the leaders of the Right bloc, to whom, according to parliamentary practice, the actual direction of the policies of the Cortes should go. The parties of the Left, which for two years controlled the government under Azaña's leadership, are reduced to impotence, with only 59 Socialists, 18 Catalan Left, 11 Left Republicans, one Radical Socialist and one Communist. Even if they could agree to combine forces, they could hardly make an effective opposition. On the other hand, the Socialists, claiming that their total of 2,700,000 votes in the last elections should, on the basis of proportional representation, have given them over 100 representatives in the Cortes, propose in spite of their weakness in the Parliament to play a large rôle, not only in its deliberations but in the political life of the nation as a whole.

Andalecio Prieto of the Azaña Cabinet, heretofore classed as a moderate Socialist, in his widely broadcast speech on Feb. 4, dealt trenchantly with the tendency toward reaction, renounced for all time all Parliamentary cooperation of the Socialists with the Centre and called upon the parties of the Left to unite, seize power, set up a government of people's commissars as in the Soviet Union, confiscate private property in land and take over the gold reserve of the Bank of Spain. Three days later, in the Cortes itself, he openly declared that the Left was bent on revolution. These threats and ominous signs of labor unrest caused Premier Lerroux, on Feb. 9, to adjourn the Cortes for twelve days so that the government could give its

undivided attention to the maintenance of public order. At the same time he warned the Socialists that as long they continued to threaten class war, extraordinary police measures would continue.

Toward the end of February rumors of Cabinet changes began to be heard. Three members of Señor Lerroux's Ministry were under fire as a result of an order requiring official permits for religious funerals. Since the issue of permits would depend upon the municipal authorities, many of whom are Socialists, the order was regarded as unwarranted political interference with the affairs of conscience and religious freedom. On March 1 Premier Lerroux and his entire Cabinet resigned, but after consultation between President Zamora and the party leaders Señor Lerroux was asked to form a new Ministry. As was expected, the new Cabinet leaned more heavily on the Right.

The strength of the revolutionary group lies in Catalonia, where it won a substantial victory in the municipal elections, and now controls the State and municipal governments. In Catalonia, local government in cities and towns of more than 10,000 inhabitants is completely autonomous, under a commission form of government. As a result, about 6 per cent of the 1,000 cities and towns of Catalonia were, on Feb. 8, taken over by commissioners. Barcelona, the largest city in Spain, with a population of 1,509,569, is divided into eight units, each with its commissioner. The well-known radical tendencies of this and other industrial cities of Eastern Spain may easily transform the conflict between Catalonia and the rest of the country from one between autonomy and State rights into one of socialism versus reaction.

The Catalan President, speaking recently of the general unrest and the rumors that his party, the Esquerra, was bent on revolution, declared: "We are here to defend and not to attack the republic. But it must be understood that it must be democratic and progressive, and not degenerate into a republic in the hands of persons more monarchistic than republican. * * * Spain must have a single party of the Left with a single chief, and not a division of Left parties as at present."

In the Catalan Cortes itself the conflict has become acute. Early in February the fifty deputies of the Lliga Catalana (Conservative Aristocrats) went on strike, refusing to return to the Assembly until the Socialist government assured them the respect due to elected deputies of the people. According to the Anarcho-Syndicalist daily, which made its reappearance on Feb. 13 after a two months' suspension, Catalonia has become the centre for a "Workers' Revolutionary Front" movement, which is enlisting the support of all Left wing sympathizers throughout Spain. The Socialist labor unions have agreed to cooperate with the Syndicalist unions against any attempts by the Right to overthrow the liberal republican régime and to combine their forces to bring about a thoroughgoing social and economic revolution and the suppression of the capitalistic State.

Much sporadic violence developed during February. More than 30,000 construction workers were reported on strike in Madrid, while fighting occurred in Bilbao and the mining regions of the North. The unemployed, of whom there are more than 600,000, constitute a serious menace, and the government is anxiously pushing forward its $145,000,000 public works project to provide employment. To avoid trouble during the carnival

festivities, restrictions were established, and all merry-making in the streets was ordered to end by 8 P. M. On the other hand, the Catholic lay brotherhoods of Seville decided to hold the traditional Easter processions this year. They were last held in 1931, a month before the overthrow of the monarchy. Their revival, after a two-year suspension, indicates clearly the swing of Spanish sentiment to the Right, and the declining influence of the Socialists. The Civil Guard has been greatly strengthened both in personnel and equipment, and the authorities were resolved to deal vigorously with any emergency. Early in March a nation-wide "state of alarm" was proclaimed to meet the widespread unrest, strikes and threats of insurrection.

How far the consolidation of the parties of the Right has been a result of the Pope's request to accept the republic and cooperate with it in the hope of bringing about a moderation of its policies, is difficult to say. One result has been an estrangement between the Papacy and the two distinctly monarchical groups—the Traditionalists and the Spanish Renovacionistas. A dispute has also arisen between the government and the Vatican over the attitude of the latter toward the appointment of Foreign Minister Pita Romero as the first Minister of the republic to the Holy See. Romero as Foreign Minister formally protested against the action of the Papal Nuncio, Monsignor Tedeschini, who, during mass in the Madrid Cathedral, expressed his regrets that the new Spanish régime "turns its back on Spain's glorious Catholic tradition."

The trial of the thirty-eight military leaders arrested in connection with the Seville rebellion headed by General Sanjurjo last August resulted on Feb. 8 in a sentence of twelve years' imprisonment for General Morrell Gonzalez and six others. Sanjurjo had already been sentenced to life imprisonment.

The four Americans condemned in Majorca on Jan. 19 by the military division of the court to six months' imprisonment were pardoned by the Supreme Court on Feb. 13 on condition that they left the island immediately upon the publication of the sentence of the court in the *Official Gazette*.

ITALY'S ECONOMIC OUTLOOK

The Italian Government, encouraged by the success in January of the 3,000,000,000 lire loan to retire the old 5 per cent bonds, decided on Feb. 3 to undertake the refinancing of the entire consolidated debt of about 70,000,000,000 lire [at par the lira is worth 8.91 cents]. The interest rate was reduced from 5 per cent to 3½ per cent, and the entire issue is to be amortized in forty-two years. Holders of the old bonds were given one week to decide whether they would convert their holdings into the new securities, or demand cash. To make conversion more attractive, cash bonuses of 4½ lire for every 100 lire invested, and the possibilities of sharing in several large cash prizes were announced. The bond holders responded almost unanimously for conversion. Only 2,729 holders, mainly Italians living abroad, asked for payment in cash.

Italian business since the beginning of the year seems to have been reasonably good. Dividend announcements by joint stock companies are fair, despite the falling off in foreign trade. The number of unemployed on Jan. 1 was officially stated as 1,115,418, of whom 919,904 were men and 238,514 women. The largest number is found in the industrial sections of

Lombardy. Relatively not excessive, the number of unemployed, when associated with the considerable number on part-time jobs, again loomed during the month as a cogent argument for continuation of the vast program of public works, which, according to official statistics, amounted during the first decade of fascism to nearly 25,000,000,000 lire. The lira, despite the great depression, is standing up well, owing to the watchfulness of the bank of issue and the unwavering support of the administration. The gold cover is high and the bank interest rate of 3 per cent is the lowest in Italy's financial history.

In the meantime, outlets for production constitute the most difficult problem of the Fascist State today. Much study and work have been devoted to its solution; deflation and regimentation of production have been carried out in many lines, till the liquidation is almost complete. At the same time, a reconstruction program in accord with the needs of present world trade conditions is being effected. Italy, according to Premier Mussolini, must become a country of diversified economy, with agriculture as its basis, and an industrial superstructure consisting largely of small and moderate sized enterprises. But whatever may be the basis of production and distribution at home, the problem of trade competition abroad remains, and it is to solve this that everything is being done to eliminate waste and bring about a closer coordination of all elements, economic, commercial and financial, so as to lower production costs. Commercial treaties with special trade concessions to Italian commerce have been negotiated, while tariffs, quotas, bounties, navigation premiums and other favors to Italian commerce and shipping are used wherever possible.

These objectives also determine in no small degree Italy's policy in central Europe, especially in Vienna. For some time past, Mussolini has envisaged reviving the north-south commercial routes from Continental Europe to the Mediterranean, which the war and the peace treaties closed. An Austrian commercial delegation has been in conference with Italian officials at Trieste and at Genoa, looking toward free port areas in those harbors. Special rail and transport facilities for Vienna, Budapest and Czechoslovak cities are being devised so as to divert to Italian ports much of the Central European commerce that now finds its outlet at Hamburg.

There is, therefore, sound economic diplomacy behind Mussolini's support of Austrian independence and of Chancellor Dollfuss's establishment of a Fascist régime in Austria. It is only through Austria that Italian contacts with Central Europe can be maintained, while the integrity of Austria is a guarantee against the presence of a powerful Germany on the North Italian frontier. This circumstance explains in part the concentration of 75,000 Italian troops there during February and the frequent meetings of the Council of Defense.

An emphatic condemnation of the Nazi régime came from the Vatican during the month. Denouncing the racial pride of Hitlerism, the Pope, in connection with the canonization of a German monk, referred to the anti-Christian character of the Nazi propaganda and placed two ultra-nationalistic books by Dr. Rosenberg and Dr. Bergmann on the index. According to the *Osservatore Romano,* the return to Berlin of Herr Buttman, the German Envoy to the Holy See, marks the failure of the negotiations for an adjustment of the differences between the Papacy and the Reich.

The Balkan Four-Power Pact

By FREDERIC A. OGG
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THE Foreign Ministers of Greece, Rumania, Yugoslavia and Turkey, as recorded in these pages last month, initialed at Belgrade on Feb. 4 a pact of understanding which it was hoped would inaugurate a new era in the Balkan Peninsula. Five days later the agreement was formally signed in the historic Assembly Hall of the Greek Academy at Athens, with army airplanes flying overhead, guns from the fort on Mount Lykabettos firing salutes, bands playing the anthems of the four nations, and the city festooned with flags and emblems.

The pact was an outcome of many months of arduous negotiations. Initiated by Greece and Turkey, it long encountered obstacles that seemed almost insuperable, mainly because Yugoslavia insisted that the terms be so drawn as to make it possible for Bulgaria and Albania to adhere. The principal problem was Bulgaria. Although professing ardent desires for peace, that unhappy kingdom had boundary or minority disputes with nearly all its neighbors, and early in the discussions its government let it be known that it could not enter into any agreement that might prejudice its claims, notably that of an outlet on the Aegean Sea, denied in favor of Greece in the Treaty of Lausanne. Greece and Rumania, wishing to expedite agreement, accepted changes in the text before it was initialed, toning down certain clauses which might offend Bulgarian susceptibilities. Even then Bulgaria refused to sign; Albania, which also has territorial claims against the beneficiaries of the peace treaties, likewise remained outside. The abstention of these two lesser States detracted from the satisfaction with which the pact was greeted throughout the Balkan world.

Asserting in its preamble the desire of the four governments to "contribute to the consolidation of peace in the Balkans" in the spirit of the Briand-Kellogg pact, the agreement itself is as follows:

Article 1. Greece, Rumania, Turkey and Yugoslavia guarantee mutually the security of all their Balkan frontiers.

Article 2. They undertake to consult with each other on the measures to be taken in the face of eventualities susceptible of affecting their interests as they are defined by the present agreement. They undertake not to embark on any political action directed against any other Balkan State non-signatory to the present agreement without previous mutual discussion, nor to assume any political obligation toward any other Balkan State without the consent of the other high contracting parties.

Article 3. The present agreement will come into force immediately upon its signature and will be ratified as soon as possible. It will be open to all the Balkan countries, whose adhesion will be the object of a favorable examination by the high contracting parties, and will take effect as soon as the other signatory countries have notified their agreement.

It was part of the original plan to include an explicit ban upon acts of aggression, with "aggression" defined as the term was employed in the treaty of London between the Soviet Union and her neighbors last year—that is, as involving responsibility for permitting armed forces to cross the frontier into the territory of another State. This would have put Bulgaria, how-

ever, in the position of committing a technical act of aggression every time Macedonian comitadjis broke across the border into Yugoslavia and Greece; to ease the way for Bulgaria to join in the pact, the intended provision was dropped.

High praise was heaped upon the pact and its sponsors in various quarters, although British, Italian and other comment was generally critical, because the omission of Bulgaria and Albania—the two most purely Balkan of all the six so-called Balkan States—would constitute a very serious limitation. Replying to this complaint, Foreign Minister Jeftitch of Yugoslavia said: "With reference to Bulgaria's entry, we all did what was possible to get her included. Unfortunately, she did not wish to come in, and we could not force her to do so. I believe a policy has been initiated which will oblige her to join eventually." In Athens the pact was attacked vigorously by ex-Premier Venizelos on the ground that it meant a fundamental change in Greek foreign policy, which hitherto had proved eminently successful.

Both press and officials in Sofia continued to assert that the pact was directed exclusively against Bulgaria's legitimate aspirations for the removal of injustices resulting from the peace treaties. Bilateral treaties between Balkan States, they asserted, would have been desirable, but not an instrument "specially designed to prevent friendship between the two branches of the Slav race in the Balkans." Particular exception was taken to the second article, which Bulgarian Nationalists believed to have been inserted at the instance of Foreign Minister Titulescu of Rumania in order to prevent Yugoslavia from concluding any agreement with Bulgaria as long as the latter refuses to sign the pact. No small amount of criticism has been directed in Bulgaria against Premier Nicolas Muschanov for having failed to prevent the pact from being signed, despite the many opportunities which he is supposed to have had to frustrate the plan in connection with state visits in recent months.

MUSSOLINI AND THE BALKANS

Paris and Berlin, not to mention Little Entente and other European capitals, have for weeks been perplexed and troubled by Premier Mussolini's "diplomatic invasion" of the Danube area—the more because up to the time of this writing they could only try to guess at what was actually going on. Mussolini was known to have a plan for an Italo-Austro-Hungarian economic bloc, ostensibly to rehabilitate the Danube valley agriculture, as well as to oppose directly the French scheme associated mainly with the name of André Tardieu. Bulgaria had been drawn within the orbit of Rome and was highly susceptible to Italian influence, and it was a matter of record, too, that on Feb. 7, Chancellor Dollfuss of Austria went to Budapest to talk not only economics with Premier Goemboes but also politics. The good relations formerly existing between Italy and Germany, moreover, had been pretty well shattered on the question of Austria, and to bring or hold Austria within the Italian orbit would not only fulfill Mussolini's purposes so far as Germany was concerned but would contribute to the building of a triple bloc, consisting of Italy, Austria and Hungary, to be set over against the French-inspired Little Entente. On the other hand, Premier Goemboes favors maintaining Hungary's friendly relations with Germany and, as an anti-Legitimist, fears relations with Aus-

tria which might pave the way for a Habsburg restoration.

Interest in the situation was raised to a lofty pitch when, on Feb. 20, Fulvio Suvich, Italian Under-Secretary of Foreign Affairs, appeared in Budapest to confer with Hungarian Foreign Office representatives. Official announcements indicated that the purpose was to coordinate Italian and Hungarian "moral support" of the hard-pressed Dollfuss government. Reports were current, however, not only that the talks would eventuate in an Italo-Hungarian customs union, but that Chancellor Dollfuss would presently appear upon the scene and that the outcome would be, at the very least, an Austro-Hungarian tariff agreement as well. So alarmed were Little Entente circles that Foreign Ministers Titulescu of Rumania and Jeftitch of Yugoslavia proposed to Foreign Minister Benes of Czechoslovakia that a conference of their three States be convoked immediately. Dr. Benes replied that, Austria's future having become a matter of negotiation among the Great Powers, the Little Entente could for the present do nothing worth while, and the suggestion was abandoned. Yet the Budapest discussions, in so far as reported, caused great nervousness in the three Little Entente capitals.

Both the Italian envoy and the Hungarian Foreign Office were extremely reticent. Signor Suvich told the press that no "negotiations" were in progress, but only a free exchange of views concerning "the great economic and political problems of this part of the world." He admitted, however, not only that frequent exchanges of views with Premier Goemboes were planned but that a conference in Rome between Premier Mussolini, Chancellor Dollfuss and Premier Goemboes was in prospect. From other sources *The New York Times* special correspondent learned definitely that the question of an Austro-Hungarian customs union had been discussed, and that Hungary favored it (despite the contrary interests of the country's industrialists), while the Austrian Chancellor, speaking the mind of the Austrian agrarians, had gone on record as against it. The discussions came to an end and Signor Suvich returned to Rome with no one the wiser as to what was to be expected. Various chancelleries were left, however, with the uncomfortable feeling that a game in which they had deep concern was being played behind their backs.

Signor Suvich's forecast was borne out on March 3 by an announcement from Rome that on March 14 Chancellor Dollfuss and Premier Goemboes would arrive there for a three-day conference with Premier Mussolini on Danubian economic affairs. This was interpreted everywhere as a direct Italian reply to the efforts of Germany to extend her suzerainty over the German-speaking populations of Central Europe and was expected to open a new phase of the fight between Italy and Germany for dominant influence over the Danubian countries.

POLISH FOREIGN RELATIONS

Ostensibly to repay former Foreign Commissar Chicherin's visit to Warsaw nine years ago, but actually to soothe Russia, where the Polish-German pact is disliked, and at the same time convince the critics at home that the rapprochement with the nation to the north in no way affects the friendship with that to the east, Foreign Minister Beck, on Feb. 13-17, paid Moscow the first visit ever made there by a European Foreign Minister of our time. (For an account of Polish-German relations, see page 103.) Accompanying him were several impor-

tant officials, together with members of Marshal Pilsudski's "cabinet of colonels." While no new treaty was anticipated, there was obviously no lack of matters that might be discussed, quite apart from Poland's new relations with Germany. Among them were the release of Polish Catholic priests from Soviet prisons, the cessation of Communist propaganda in Poland, still supported and directed from Moscow, and the establishment of economic relations to increase the exchange of goods between Poland and Russia.

After M. Beck's return to Warsaw on Feb. 17, unofficial but usually well-informed sources reported that the Polish-Soviet non-aggression pact signed in January, 1932, for a period of three years had been extended to ten years, and that the two nations would probably establish a special mixed commission for improved economic and cultural relations.

CZECH CROWN DEVALUED

Czechoslovakia's first Minister of Finance, Dr. Rasin, severed the country's currency from Austrian inflation and insisted on financial honesty; and, except for a temporary slump twelve years ago, caused by the Hungarian attempt at a Habsburg restoration and subsequent mobilization, the Czechoslovak crown has shown remarkable stability. Dr. Rasin's successor, Dr. Karl Englis, professor in the Masaryk University at Brno, has, however, for years held the view that the world economic crisis was caused by the increase in the price of gold and that the value of the crown had consequently also risen. The leading exporting nations like Great Britain, the United States and Japan have gone off the gold standard, and Czechoslovakia—with the only currency in East Central Europe which has withstood the financial storms of the last dozen years—has found her position increasingly difficult. Her industry has been steadily losing its place in the world market, with a resulting rise in unemployment.

Moved by this situation, Dr. Englis early in the present year brought forward a plan for "managing" his country's currency by granting a 15 per cent premium to exporters while charging a similar premium to importers. The scheme encountered disapproval both within the Cabinet and outside, financial and industrial circles fearing that it would lead to inflation of the currency to the extent of the bonus, and proposing instead a plan of rebates of taxes and duties weighing heavily on export trade. Mere circulation of reports of the discussions caused a 6 to 8 per cent decline in the exchange value of the crown.

The burden of the gold standard, nevertheless, continued to grow, and the government finally adopted, not the British plan of export premiums, but a general devaluation of the crown. Declaring that the currency would remain on a gold basis and that the Cabinet was against any kind of inflation, Premier Malypetr on Feb. 10 announced that the gold content of the crown would be reduced by one-sixth, to enable the republic to compete in export trade with countries having depreciated currencies. The decision, which was reached quite independently of Czechoslovakia's associates in the Little Entente, gave the country the distinction, such as it was, of being the first to follow President Roosevelt's example in this particular respect.

Opposed from the first by Minister of Commerce Josef Matousek, the measure drew the fire of his party,

the National Democrats, and on Feb. 14 precipitated a minor Ministerial crisis. Matousek resigned, the National Democrats withdrew their support from the government, and the Malypetr Cabinet resigned. The upset, however, was only momentary. Though influential in financial and industrial circles, the disaffected party had few adherents in Parliament, and after the Cabinet was reconstituted with changes only in the commerce portfolio and a few minor posts, it still had a working majority of 111. Although the governor and directors of the National Bank resigned in protest against the devaluation, the government's policy will undoubtedly be adhered to on the lines laid down. The principal foreign sufferer was expected to be Germany, as a chief competitor in the markets of Southeastern Europe and Asia Minor.

HUNGARY RECOGNIZES RUSSIA

To the surprise of most Hungarians, their government announced on Feb. 6 that an agreement for the recognition of Soviet Russia had been signed at Rome by M. Potemkin, the Soviet Ambassador to Italy, and M. Arnoti, a Hungarian plenipotentiary sent to the Italian capital for the purpose. Hungary, with its feudal traditions, is as far removed from communism as any country of Europe, and so profound was the effect of the brief but brutal Hungarian communistic dictatorship of 1919 that for years even the discussion of recognition of the Soviet Union was taboo.

The change of attitude reflected in the agreement of Feb. 6 may be ascribed to several things, among them the waning fear of communism, the recent and reassuring non-aggression pacts between Russia and her bourgeois neighbors, and perhaps the example lately set by the United States. A key to the principal explanation is afforded, however, by the place where the treaty was signed, namely, Rome. Despite the violent repudiation of communism by Fascist Italy, Rome has for a good many years been on excellent terms with Moscow. Furthermore, while seeking to consolidate a loose system of quasi-alliances against the Little Entente and France, Italy has come to desire that her satellites shall have no less friendly relations with the Soviet Union than she herself maintains. As long ago as 1924, Mussolini persuaded Hungary to start negotiations toward this end. Efforts at that time broke down, but later ones have been successful—the more readily because the Soviet Foreign Commissar, Maxim Litvinov, saw them through their preliminary stages during his recent visit to Rome. Diplomatic relations having been renewed, a Russian delegation—so it was announced on Feb. 6—was about to go to Budapest to conclude a commercial treaty.

MR. INSULL IN GREECE

In Athens, on Feb. 15, after a two-hour meeting of the Greek Cabinet in which every aspect of the Insull affair was discussed, Premier Tsaldaris announced that the former utilities operator would be permitted to remain in the country until his health was improved. On March 3, however, the Foreign Minister signed an order calling for his speedy expulsion, and the general expectation was that within a week he would be turned over to the police to be conducted out of the country, in accordance with Greek practice in such cases. As late as March 9, however, when this paragraph was written, the Chicago financier was still sojourning on the Aegean Sea, reputedly too ill to depart.

A Baltic United Front?

By RALPH THOMPSON

EVER since their establishment in 1917-18, the Baltic republics—Estonia, Finland, Latvia and Lithuania—have been periodically confronted with the fact that relations among themselves and with their neighbors have not been all that might be desired. Most of the enmities, smouldering or active, are easily understood.

To the east lies great Russia, the unwilling parent of the four States, so to speak, since it was largely from Russian territory that the new republics were constructed in the days after the fall of the Romanovs. To the south lies Poland, which has never agreed to the boundary demanded by Lithuania and which for over a decade has occupied some 10,000 square miles of so-called Lithuanian territory, including the cities of Vilnius, Grodno and Suvalki. To the west lies East Prussia, a constant reminder (if such were needed) of the chronic disagreement between Germany and Lithuania over the management of Memel, which was handed over to Lithuania, with certain restrictions, under the Treaty of Versailles. Further west is the body of restless Hitlerite Germany itself.

Now it appears that, in order to face Germany with a united front, friendly relations among these nations may be formally declared. As reported in these pages last month, the possibility of a joint guarantee by the Soviet Union and Poland of the independence of the Baltic States was recently discussed in the various capitals, with Finland's refusal to entertain such an idea alone seeming to stand in the way of an agreement. More recent reports show that hope for an understanding is still held in some quarters, with Sweden mentioned as a possible partner in the pact.

Lithuania's quarrel with Poland may be hastened to a resolution for two reasons. First, the former, even if she would, can no longer rely on German support now that Germany and Poland have signed a non-aggression treaty (see Professor Fay's article, page 103). What is more, the continued Nazi agitation in Memel has further strained the relations between Berlin and Kaunas. On Feb. 22, for instance, a Lithuanian judge ordered two German political groups in Memel, the Socialist Peoples party and the Christian Socialist Workers party, to suspend activity after he had received "absolute proof" that these organizations were working to detach the territory from Lithuania by armed insurrection. East Prussian authorities, on the other hand, are reported to have ended temporarily all trade in local goods between their province and Memel.

It will be understood why, under these circumstances, Lithuania would like to regard her powerful ancient enemy to the south as a friend. So far as Latvia and Estonia are concerned, they definitely reached a common ground of agreement with the signing of an accord in Riga late in February which promises to lead to closer political and economic relations between the two States. Lithuania and Estonia have not gone so far, although on Dec. 14, 1933, an agree-

ment was concluded by which either nation grants the other certain trade and navigation privileges. During 1933 the Soviet Union concluded a system of non-aggression pacts with Poland and the four Baltic States. It seems highly probable that on these and similar foundations of understanding a barrier will be erected which aggressors from the west would find difficult to surmount.

ESTONIAN AFFAIRS

The Estonian State budget for 1934-35 was presented to the Diet on Jan. 10, and stood balanced at nearly 66,000,000 kroons, an increase of more than 6 per cent over that of the preceding fiscal year. Direct and indirect taxes are expected to return approximately one-third of the revenue, while half the total will be derived from the State alcohol monopoly and from government exploitation of forests and shale-oil deposits. The largest single item of expenditure is for the railways. Military and naval costs are figured at 13,500,000 kroons, an increase of 600,000 kroons over the 1933-34 allotment and a figure roughly one-fifth of the total national expenditure.

Estonia's balance of trade for 1933 was favorable to the extent of 6,500,000 kroons. This represents a 16.6 per cent preponderance of exports, which consisted principally of foodstuffs and wood and pulp products. England was Estonia's best customer, taking more than a quarter of the goods shipped from the country. Imports were largely manufactured goods, chemicals and machinery.

Heralded with cannon shots, torchlight parades and church services, the new Estonian Constitution went into effect on Jan. 24. (See CURRENT HISTORY for February, pages 626-7.) Konstantin Paets, State Head, has assumed the functions of President and Prime Minister until the regularly elected President can be chosen in the elections to be held on April 22 and 23.

AMERICAN-FINNISH TREATY

A treaty of friendship, commerce and consular rights between the United States and Finland was signed at Washington on Feb. 13. It supersedes executive agreements in force since 1925, and will remain in effect for the term of one year after exchange of ratifications, with indefinite extensions made possible. Among the provisions are those granting unconditional most-favored-nation treatment in commercial matters, and reciprocal treatment in certain matters of shipping.

An examination of the Finnish State budget for 1934 shows that while that for 1933 was balanced with difficulty, a substantial excess of revenue is in prospect for the coming fiscal year. Increased returns are expected from income and property taxes and from customs duties. Government business enterprises--the railways, posts, telegraphs and forest reserves—are slated to produce nearly double the yield of 1933: 153,000,000 marks, rather than 88,000,000 marks (the Finnish mark currently is about 2¼ cents). The contemplated outlay for government institutions subordinated to the Ministry of Agriculture shows a marked increase over that for 1933—from 193,000,000 to 274,000,000 marks—accounted for largely by the appropriation of a larger sum for stabilizing dairy prices; and there is a specific grant of 150,000,000 marks for unemployment relief. The expenses directly connected with national defense are not greatly increased, rising about 5 per cent. They represent approximately 15 per cent of the national income.

Soviet Russia on a War Footing

By EDGAR S. FURNISS
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THE Soviet Union for the moment figures in world events principally in connection with a possible war in the Far East. Presumably the Soviet Government is convinced of the inevitability of hostilities with Japan for talk of war and preparation for it overshadowed other Soviet concerns during February. Soviet leaders have vied with each other in warning their people and the world at large that war is near at hand.

Such was the burden of the speech made by Commissar of War Voroshilov, on Feb. 23 before the Communist Congress and again on Feb. 9, when he addressed the people at a parade of the Red Army. Three days later General Bluecher, commander of the Soviet Far Eastern Army, brought the same message to the Congress. The celebration of the Red Army's sixteenth birthday on Feb. 23 was likewise used to advertise the danger of war and the preparations for it. Frequent statements of other high officials have emphasized the same theme.

Nor has the Soviet Government confined itself to talk. On the contrary it is openly mobilizing upon the Eastern frontier. These preparations for war have been broadcast to the world with a candor quite novel in modern history. The size of the Eastern army and the rapidity with which its numbers and equipment are being increased, the extent and location of the new fortifications on the Siberian frontier and in the Maritime Provinces, the size of the air force concentrated on given points in the troubled area, the accumulations of foodstuffs and war supplies, the feverish activity in the building of strategic railways—these have all been described in detail in the speeches of officials and in the press.

The Soviet Government, in addition, is attempting to develop the inherent defensive strength of its Eastern territories. Emigration to the Siberian provinces is being promoted and industries in that region are being fostered. In December the government by decree exempted the inhabitants of the Maritime Provinces from the most burdensome forms of taxation. A decree of Feb. 5, extending the policy to other regions in Siberia, relieved the collective farms from compulsory grain deliveries for a period of six years, and individual peasants for three years; it increased the wages of all industrial workers and professional men in these regions; it raised the pay of soldiers on Eastern duty by 50 per cent, increased their food ration, and gave 20 per cent additional pay to army officers. The Soviet Government, moreover, is investing heavily in new large-scale industries in Siberia, and is rapidly building villages and towns along the railways and other channels of communication. As a military measure this program aims to shorten the distance which separates the Eastern strategic frontier from the sources of supplies and of man power.

Do these pronouncements and activities of the Soviet Government

really mean that war with Japan is imminent? Taking all the evidence into account, one is inclined to doubt it. The very effort of the Soviet officials to advertise the coming war causes skepticism. These activities admit of other interpretations. For example, the Soviet Government can derive obvious advantages from the war bogy and the resulting patriotic fervor at a time when the domestic program demands heavy sacrifices by the people. Moreover the display of military force may be designed to strengthen the bargaining position of the Soviet Union in its current negotiations with Manchukuo over the sale of the Chinese Eastern Railway and with Japan over the perennial question of fishing rights. Perhaps the Soviet Government does not really expect war but is merely attempting to manoeuver Japan into the position of the aggressor in the event that conflict should occur.

These doubts are reinforced by other events, and especially by the attitude of Japan. Not only has the Japanese Government consistently denied any hostile intentions toward Russia but, what is more pertinent, there has been a shift of political influence in the Japanese Diet which has strengthened the Civil party as opposed to the military authorities. Recent criticism in the Diet of military expenditures and of the militarist program in general disclosed an unexpectedly large pacifist sentiment in Japan. In Manchukuo, as well, recent developments of policy have tended to promote more cordial relations with the Soviet Union.

However valid may be these views regarding the real intentions and expectations of the two governments, the present state of affairs is admittedly in itself a constant threat to peace. The mere presence of two hostile armies on the same frontier creates opportunities for conflict. In this case the situation is complicated by the existence in Manchukuo of organized bands of Russian émigrés, eager to cause trouble. Finally, it is always possible that some act of one army or the other, though not intended as a prelude to war, may precipitate it.

Several incidents in late February illustrate this danger. On Feb. 27 the Japanese Government protested to Moscow that Soviet planes had violated the rules of neutrality by flying across the frontiers of Korea and Manchukuo. The next day the Soviet Government filed a counter-charge that Japanese planes had repeatedly invaded Russian territory. Discussing this exchange of protests, the Japanese War Office stated that Soviet forces had twice fired on Japanese fliers and mentioned an unconfirmed report that a Japanese military plane had been shot down by Soviet guns on Feb. 17. The Tokyo press accused a detachment of Soviet mounted police of crossing the frontier of Manchukuo on Feb. 24. Such separate incidents are not necessarily fatal to peace. The Japanese Government on Feb. 28 publicly characterized them as serious but not as proving that "Russia and Japan are on the verge of war." Nevertheless, the world must view them with alarm, since in the past, wars have often originated from a similar train of events.

Steady progress of Soviet diplomacy in other directions has tended to stiffen the Union's attitude toward Japan. The Franco-Soviet trade agreement, signed on Jan. 10, but only recently made public in detail, has removed an important source of friction. The agreement settles to Russian satisfaction the two principal questions in dispute—the quotas of Soviet

goods to be imported into France, and the legal status of Russian trade representatives in that country.

The protracted and embittered trade negotiations between Great Britain and the Soviet Union have also resulted in agreement. On March 1 the House of Commons acted favorably on the new commercial treaty presented by Walter Runciman, president of the Board of Trade. Its principal feature is a commitment by the Soviet Union to import from Great Britain an amount equal to its exports to that country. Though described as a temporary measure pending settlement of British claims against the Soviet Government, the treaty marks a distinct advance in the relations between the two countries.

Soviet relations with Germany have also shown improvement, especially since the Nazi government released the three Communists who had been held in prison, despite their acquittal by the German Supreme Court on charges of complicity in the Reichstag fire. These men, Dimitrov, Popov and Tanev, were originally citizens of Bulgaria, but the Russian Government conferred Soviet citizenship on them and repeatedly demanded their release. On Feb. 27 they were hurriedly and secretly transferred by airplane from Berlin to Moscow. The incident, though trifling in itself, was interpreted as a bid for reconciliation with the Soviet Union.

War agitation has largely diverted attention from developments in Soviet internal politics. Yet note should be taken of the personnel of the Communist dictatorship for the next few years as determined by the All-Union Congress at its closing session on Feb. 9. The outcome, as had been expected, strengthens the leadership of Stalin. The Central Committee of the party was purged of the remaining elements of the "Right Opposition." Rykov, Bukharin and Tomski—great names in Communist history—were degraded, despite repeated confessions of error and assertions of loyalty to Stalin, from membership of the committee to the level of "candidates." Another powerful figure, Menjinsky, chief of the OGPU, was expelled from the committee; and his assistant, H. G. Yagoda, who has recently come to the fore as an aggressive Stalinite, was elected to his place. The importance of the Red Army in Communist affairs was marked by the election of General Bluecher, commander of the Far Eastern army. As a reward for his diplomatic achievements, and particularly his success in obtaining American recognition, Maxim Litvinov was for the first time elected to this important body.

The Central Committee, despite its constitutional position of authority, does not represent the power station of the dictatorship. This place is held by the Political Bureau, an organization variously described as the "general staff of the revolution" and the "steering committee" of the Soviet Government. The bureau consists of a small group of men who dominate both the party and the organs of the State. On the one hand they shape the Communist program, and on the other translate it into law. This group constitutes the real dictatorship. Ten former members were re-elected: Stalin, Kaganovich, Voroshilov, Orjonikidze, Kuybyshev, Andreyev, Kossior, Kirov, Molotov and Kalinin, the last two named being Premier and President, respectively, of the Soviet Union. The election of two younger men as associate members signalizes the advent of new figures in the Communist dictatorship of the future. They are Paul Postachev, secretary

of the party in the Ukraine; and Y. E. Rudzutak, formerly head of the Control Commission and of the Commission of Workers and Peasant Inspection.

The final collapse of all opposition to Stalin's leadership is indicated by the surrender of Christian Rakovsky, until now the last remaining follower of Trotsky. Rakovsky has been an important Soviet official, having held in turn the Ambassadorships to Great Britain, France and Germany. Following Trotsky into retirement in 1928, he steadfastly refused to renounce the policies of his banished leader. In recent years he has been an exile in Northern Siberia where he served in the humble capacity of interpreter for American mining engineers. On Feb. 19 the Central Committee received from him a complete recantation of his former heresies and a plea for forgiveness. Although he has been warned not to expect immediate reinstatement, the Soviet Government is expected to make use again of his extraordinary abilities.

Publication of the 1934 budget affords the student of Soviet affairs an interesting epitome of the financing of a régime of socialized economy. Among the extensive and complicated figures are certain salient features of interest to American students: First, the enormous totals both of revenue and expenditure: 48,800,000,000 and 47,300,000,000 rubles, respectively [the ruble has an official value of 50 cents in terms of our former gold dollar]; secondly, the distribution of both revenue and expenditure. Of the total revenues, 72.6 per cent comes from socialized industry and agriculture in the form of turnover taxes, direct profits and other receipts and only 13.4 per cent directly from the people and of this amount more than half is in the form of loans. The program for a balanced budget includes as current revenues some 3,800,000,000 rubles of borrowed money. Of the expenditures, 70 per cent, or some 33,000,000,000 rubles, will go into the financing of socialized industry. Against this enormous figure may be placed expenditures of 1,000,000,000 rubles for the total costs of government, and 1,800,000,000 on national defense, the two items combined amounting to only 6 per cent of the budget. Education, health, social insurance and other cultural expenditures will total 3,000,000,000 rubles, this item being augmented by an additional 10,000,000,000 drawn from local budgets. National aid to local governments in various forms accounts for most of the remaining expenditures. It is an illuminating exercise for the student of social institutions to compare this statement of government finance, typical of socialism, with both the totals and individual items in the budgets of capitalistic nations.

The Assyrians Seek a New Home

By ROBERT L. BAKER

SINCE last December a committee of the League of Nations, headed by Señor de Madariaga, has been searching for a suitable home for Iraq's discontented and unwanted minority of some 60,000 Assyrian Christians. A warlike people through having had for nearly two thousand years to protect themselves against fierce enemy tribes, wherever they may go their history, tradition and faith will impel them to organize themselves into a closely knit political and religious self-governing unit. They have practically no capital, and their knowledge of tillage, grazing and home industry is extremely crude.

The neighboring countries, which are all Moslem, have been hard hit by the depression and are unwilling to accept the sect. Early in 1933, before the troubles of July and August, Persia was reported as willing to settle the Assyrians in one of her tobacco-growing districts, but the offer was never confirmed. The Syrian Government announced that it could take care of only a few hundred, and, indeed, Syria's present minorities are enough to worry about. The suggestion was also made that Turkey might allow the Assyrians to return to their old home in the mountains of Kurdistan, though this would scarcely be a satisfactory solution, for the Assyrians would have to give up their arms and, being only a fraction of their former number through losses during the World War, they would be again at the mercy of their age-old enemies, the Kurds.

Thus it seems inevitable that the Assyrians should be removed to another part of the world altogether. Offers to receive them have not been lacking. Last October the Government of Cyprus informed the League that it would permit their settlement in that island. In November ex-Governor Bouge of French Guiana suggested that the Assyrians be settled in the hinterland of that colony. Most important, however, is Brazil's offer to accept the whole community at a rate of 500 families a month if their fares are paid and they show aptitude for agriculture. The Paraña Plantations Company, on whose land in Brazil it is proposed to establish the Assyrians, would provide them with tools, seeds and the other things necessary to make a start.

The Brazilian offer seemed so promising to the Madariaga committee that it recommended sending a special mission to examine the proposed district. The League Council agreed, and on Feb. 19 the mission reached Londrina, the centre of the Paraña Plantations Company. If the Paraña region is approved by the mission, financing the journey from the mountains of Iraq to Brazil will mean finding $160 a head, and the Assyrians themselves have little money. The Iraqi representative at the League Council last December said that his government would welcome the departure of the Assyrians, but could not provide any funds for the purpose. Yet the Assyrian levies helped considerably to win the country from the Turks and during Iraq's formative years put down insurrections when the regular

Iraqi Army became demoralized. It therefore seems only fair that Iraq should assist financially in settling them in a new home, thereby doing something also to remove the stigma of oppression attaching to Iraq since the massacre of Assyrian villagers last Summer.

The British Government, which has promised only a proportionate share of the cost as a League undertaking, is under even stronger moral obligations to aid the Assyrians, and may be forced by public opinion to see the project through whatever the cost. The Assyrians would be assisted in reaching and settling in their new home by experts from the Nansen Office, and, freed from the fear of hostile neighbors, should be able to adapt themselves to a different life in Southern Brazil.

TURKEY'S MINORITIES

Until the end of the World War the minorities in the old Ottoman Empire were able to maintain their independence in language, religion and culture with little interference. Even during the first decade of the republic, though the minorities had become much smaller, the Jews and such Greeks and Armenians as remained had little contact, outside business relations, with Turkish national life, and lived virtually to themselves. But if the importance of a recent movement has not been exaggerated in accounts from Istanbul, this condition will soon be changed. Surprisingly enough, it is said that the initiative has come from the minorities themselves.

The Jewish, Armenian and Greek minorities in Turkey have begun to adopt the Turkish language as their mother-tongue, and are forming a nation-wide organization to diffuse Turkish culture and patriotic ideals among themselves. The movement began in the provincial towns, won the support of Jews and Armenians in Istanbul and, with headquarters in the People's House, or community centre of the People's party, in Pera, is setting to work with the approval of the Turkish authorities and the press, which has hitherto been critical of the cultural and social self-sufficiency of the minorities. The association, which it is suggested should be called the Turkish Language Union, numbers mainly Jews, Turks and Armenians. The Greeks have shown less enthusiasm than the other minorities, and only a few have joined.

EGYPT HOPES FOR CHANGE

The most important event of the past month in Egypt was the arrival of Sir Miles Lampson, the new British High Commissioner, in Cairo on Feb. 17. Ever since the announcement last October that Sir Miles, then British Minister to China, would be sent to Egypt, the local press and politicians have indulged in fantastic hopes that there would be a change in British policy and that Lampson would be another Cromer vigorously but deftly directing the internal affairs of Egypt and restoring prosperity. All political groups feel that the British policy of non-interference in Egyptian domestic affairs has been harmful. King Fuad, of course, does not share that view, as his power has grown enormously since that policy was adopted in 1930. These popular hopes of change appear to be unjustified. The important matters of the foreign debt payments, revision or abolition of the Capitulations and Anglo-Egyptian treaty relations will probably remain untouched for some time. The British, who presumably want a more or less

free hand before undertaking to settle these questions, at present have too many other problems to deal with before they can think of revising their policy in Egypt.

The government of Premier Yehia Pasha has created new enemies by rushing through Parliament a retroactive law prohibiting the native bar association from electing as president any member previously condemned by the government's Judicial Disciplinary Council. This law seemed aimed specifically at the popular Makram Ebeid Bey, general secretary of the Wafd party, who had just been elected president of the association and who had been censured and fined by the Judicial Council. The bar association, much incensed, announced its resolve to re-elect Ebeid Bey. It also boycotted the official celebration of the fiftieth anniversary of the establishment of native tribunals in Egypt and held a counter-celebration attended by 1,300 native lawyers and their guests. At this meeting Ebeid Bey delivered a fiery address criticizing the government's ban and citing French and English precedents for the association's defiance.

PALESTINE POLICE ACQUITTED

The Arab leaders in Palestine were immensely pleased when the government permitted their processions on Jan. 17, and when those demonstrations had passed without incident they hoped that the responsibility for the bloodshed last October would be laid on the police. They were disappointed therefore when the Commission of Inquiry appointed by the British Government to investigate the Jaffa disturbances exonerated and justified the police for firing on the Arab crowd. The commission heard the testimony of ninety-three witnesses, and decided that the police "acted with restraint, forbearance and, wherever possible, called upon the crowd to disperse and tried to persuade them to do so before using force to disperse them. * * * The evidence given before us does not disclose one instance where any member of the police departed from or exceeded or failed to observe any instructions laid down in the above-mentioned [police] manuals." The opinion described the Arab crowd in Palestine as "mercurial, irascible and, when excited, dangerous."

NADIR SHAH AVENGED

If the partial adoption of Western court procedure has changed the methods of Afghan justice in recent years, it made no difference to the conspirators who assassinated King Nadir Shah last November. Actually, though there have been trials and delays, they have been executed just the same. The lives of a total of twenty-nine persons have avenged Nadir's death, among them not only the actual assassin, Abdul Khaliq, but apparently all his male relatives, near and remote, and not a few of his acquaintances. Since Abdul Khaliq's act was one of revenge, perhaps the theory is now held in Kabul that when a conspirator is executed it is wise to get rid of every one who might avenge him in turn. The upshot of these wholesale executions is that quiet, whether real or apparent, is reported from Afghanistan. The Moslem leaders of the country, who seem to be very close to young King Zahir Pasha, recently issued a statement thanking the nation for its orderly support of Nadir's son and successor.

Roosevelt's Far Eastern Policy

By TYLER DENNETT
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FOR Americans the most interesting developments in the Far Eastern situation have continued to be, not in Asia, but in America. As the echoes of the Hornbeck speech died away (see March CURRENT HISTORY, page 764), and while the Vinson bill for the complete refurbishing of the United States Navy was before the Senate, President Roosevelt himself evidently took a hand in what promises to be a reshaping of American policy in the Far East. For a full year he had refrained from all public statements on one of the most pressing of his foreign problems.

While Under-Secretary of State William Phillips stated positively on Feb. 1 that the State Department had before it no formal consideration of early naval discussions with Japan, the dispatch to *The New York Times* containing that statement also included the observation—not directly attributed to the Under-Secretary—that "Former Secretary Stimson's notes to Japan regarding the Manchukuo military operations are considered by some officials in the administration to have provided ammunition to the Japanese militarists in the Cabinet." Even more important, and in a similar tenor, was another Washington dispatch to *The New York Times* on Feb. 21, which reported President Roosevelt as having said in the press conference that the recognition of Henry Pu Yi "is so delicate that it cannot be discussed at present." The report was followed by significant unofficial statements by experts connected with Far Eastern affairs which indicated that "this government would assume a conciliatory attitude on the Manchukuoan and other issues arising with Japan." It was "considered certain" that the unswerving attitude of former Secretary Stimson against any recognition of Manchukuo "will not be rigidly followed." On the other hand, the American Government naturally appeared reluctant to take any initiative in abandoning the non-recognition policy which the Hoover administration offered to the League and which was adopted by the latter on March 11, 1932.

That the present administration's position is extremely awkward was apparent from the last paragraph in the dispatch of Feb. 21. "Should the League of Nations withdraw its condemnation of the Japanese action in helping the new State establish its independence from China, the course of the United States would be simplified and there would appear to be no reason why this country should not follow such a lead." Interesting diplomatic acrobatics appear to be in prospect. Having led the League through the hoop of non-recognition, the American Government appears to be willing to jump back again if the League will this time lead the way. That the non-recognition doctrine is likely to come to such an end—it has recently been quietly retired for Central America—has from the outset seemed probable to many observers. "If the Stimson doctrine became just

one more pretty page in history," Edwin L. James remarked on Feb. 25, "there would be nothing new about the process." American policy in the Far East has almost always been one of fits and starts; the Stimson doctrine is likely to be no exception.

That confidence in the non-recognition doctrine is weakening all along the line is apparent in the news from abroad. On Feb. 20 it was reported, semi-officially from Berlin, that the German Government was considering recognition of Manchukuo. The French National Association for Economic Expansion authorized its representatives in Tokyo to sign on Feb. 13 an agreement creating a Franco-Japanese joint stock company to finance the purchase of railway supplies for the South Manchuria Railway, which is now under the direct supervision of the commander-in-chief of the Kwantung Army. Substantial orders of railway supplies from France were reported on March 6. There have been rumors that Poland was considering recognition and, most important of all, that the British Government was also contemplating the same step. London finds the existing situation awkward. British Consular officers in Manchuria already report to the British Ambassador in Tokyo, not to Peiping. How shall Great Britain pay for the transportation of British mail in Manchukuo? Certainly not to Nanking, and yet to remit either to Tokyo or to Hsinking is to recognize what Great Britain has agreed with both the United States and the League not to recognize. The British Government is reported to have referred this perplexing postal question to Geneva. On the other hand, Sir John Simon declared on March 5 that Great Britain will stand pat with the League on non-recognition.

Although the diplomatic kite-flying in Washington about recognition of Manchukuo evoked little response from the small nations represented at Geneva, President Roosevelt followed it on March 2 with an even more significant gesture by proposing to Congress the revival of the Hawes-Cutting bill for Filipino independence with modifications, the most important of which are that military bases in the islands be relinquished simultaneously with the accomplishment of final Philippine independence and that the naval bases be left for future agreement.

The Japanese Navy Office declined to comment officially on the suggested abandonment of American military and naval bases in the Philippines, but the "unofficial" attitude was reported on Feb. 26 to be that such a decision might be like cutting a Gordian knot, "the starting point for several lines of policy, all making for greater tranquillity in the Pacific."

Admiral Osumi, the Navy Minister, conceded on Feb. 6 in answer to a question in the Diet, that Admiral Suetsugu had "gone too far" in suggesting that Colonel Lindbergh, while in Japan, was acting as a "spy" for the American Government. The Japanese Government is reported to have set up a censorship committee to curb inflammatory speeches and articles by naval and military officers. There is a desire to soften somewhat such asperities as those which often made General Araki's statements so provocative.

The new Japanese Ambassador in Washington, Hiroshi Saito, presented his credentials on Feb. 13. While stressing the economic advantages of Japanese-American accord, Mr. Saito remarked in a radio address on Feb. 17: "So long as it is a foregone conclusion that our two countries are not going to fight, some arrangement will surely be made on the question [of

naval ratios], however complicated it may be in its technicalities." In the Diet a week later, Foreign Minister Hirota spoke rather confidently of the prospect that the United States and Japan would be able to reach an accord on naval ratios in 1935. Admiral Sakamoto recalled that former Ambassador William R. Castle once declared: "America does not hesitate to recognize Japan's naval supremacy in the Western Pacific."

Apparently President Roosevelt is not unwilling to make concessions—including even recognition of Manchukuo and abandonment of naval bases in the Philippines—provided he can secure from Japan a political engagement of corresponding value to the United States. American policy appears to be moving back in the direction of the abandoned Lansing-Ishii Agreement. The situation as to possible changes in British policy is probably somewhat similar.

Ambassador Saito's efforts to recapture American sympathies are now being reinforced by Prince Iyesato Tokugawa, who is visiting the United States on a good-will mission such as Japan has often employed Prince Tokugawa, in a radio address on Feb. 24, and in a copyrighted newspaper article, appealed to the profit motive, which so frequently appeared in the addresses of former Ambassador Debuchi: "The rapid development of Manchukuo will, in the near future, add materially to the economic prosperity not only of its own people, but of the world as a whole." The greater the peace and prosperity of Manchukuo, the more American cotton Japan will buy.

EMPEROR OF MANCHUKUO

Surrounded by Japanese officialdom and military and by puzzled Chinese, Henry Pu Yi ascended a newly carved ebony throne in Hsinking on March 1—the second anniversary of the creation of Manchukuo—and became Emperor Kang Teh. In English it sounds as though Kang Teh, as Emperor, is of equal rank with Tenno-heika, His Majesty the Emperor of Japan, but in the Japanese language the subordination of the young man is made quite clear. It was reported two days before the enthronement that the Japanese and Manchurians were disputing over the emphasis the ceremonies should place upon Japanese domination. The new Emperor, according to Hallett Abend, is rather more ambitious than he seems. That he is, or will be, content with the present limits of his empire, is doubtful.

The accession in Hsinking was elaborately celebrated in Tokyo. A banquet at the Manchukuoan Legation in the evening was attended by the entire Japanese Cabinet. Foreign Minister Hirota ventured to speak for Kang Teh to the extent of declaring that the aim of the new government would be to promote friendly relations with other powers. That Kang Teh earnestly desires the latter's recognition is quite evident. Having recounted Manchukuo's achievement in the last two years, and having claimed credit for the "wise, liberal doctrines of Confucius," the Emperor declared: "It is not our intention to go before the world, hat in hand, with head bared, to beg recognition. Our achievements in the realms of peace, trade and finance for the welfare of the people must automatically of themselves win foreign recognition." He promised the open door and racial equality. Among the benefits ascribed to the Japanese administration of Manchukuo are reformation and stabilization of the currency, the building of thousands of miles of highways, the establishment of railroads and

bus lines, the creation of an independent army, navy and police force, the introduction of judicial reforms, unification of the transportation systems, elimination of "squeeze" and the reduction of banditry to a point where it is no longer a menace.

JAPANESE CABINET CRISIS

The Japanese Cabinet has survived another minor crisis. The Minister of Commerce, Baron Nakajima, resigned on Feb. 8, ostensibly because in a magazine article in 1924 he defended an ancient Japanese general who usurped the throne. There were also allegations as to Nakajima's misuse of his position in the transfer of certain shares of the Bank of Taiwan. Within a few days, Ichiro Hatoyama, the Minister of Education, was likewise involved in a financial scandal. No fewer than 130 members of the Diet were alleged to have received cash payments in connection with the merger of Japanese steel works. Hatoyama admitted that he accepted 50,000 yen from a company president but denied that it was a bribe. Two weeks later, on March 1, it was announced that, following the report of the parliamentary committee of inquiry, Hatoyama would resign and that Premier Saito would temporarily take the Education portfolio. Foreign correspondents in Tokyo believe that the present government is impregnable in the absence of any strong opposing leader to replace Saito.

THE CHINESE OUTLOOK

The London *Times* on Feb. 8 and 9 printed a comprehensive summary of the present situation in China with special reference to the extent of the authority of the Nanking Government. Ascribing the failure of the Fukien rebellion to the political ineptitude of the leaders, the writer asserted that both Kwangsi and Kwantung remain critical, not so much of the Nanking Government as of Chiang Kai-shek. The old Tuchuns and many young Kuomintang leaders are fiercely jealous of Chiang and fear his centralizing policy. They accuse him of sacrificing Jehol for the sake of keeping intact his defense against the south. The foreign powers, having recognized Chiang and let him increase his revenues by granting tariff autonomy, have little to show in return, "for unity is obviously as far off as ever, while reconstruction has only been tinkered at, with results of little practical value."

The Kuomintang has managed to unify only a few provinces. Kwantung, Kwangsi, Yunnan and Kweichow are virtually independent. Szechwan belongs to the war-lords; Sinkiang is torn by civil war. Kansu and Shensi are prostrate, while the latter province, together with Shantung, is practically independent of Nanking. Chihli is in the hands of Northern generals who owe nothing to Chiang. Honan and Hupeh have "Communist patches." The Kuomintang is reported to be riddled with cliques and corruption. The promised judicial reform still exists largely on paper only and is opposed over large areas. Taxes have been multiplied. The great silk and tea industries are either dead or declining. China is buying rice, wheat and cotton, all of which she should raise. Meanwhile, the Kuomintang gives more attention to revising foreign treaties and asserting sovereign rights than to the pressing needs of putting China in order.

The Chinese Ministry of Foreign Affairs and the American Minister, Nelson T. Johnson, are discussing revision of the Sino-American commercial treaty of 1903, concluded under

the retreating shadow of the Boxer uprising and the approaching shadow of the Russo-Japanese War which began five months after the treaty was signed. The treaty provided for revision at the end of ten-year periods, but the Chinese Government desires a new treaty without the extraterritoriality provisions. In the existing treaty, modification of extraterritorial rights is contingent upon the reform of the Chinese judicial system, a measure upon which the Chinese Government has made no reliable nation-wide progress.

A rumor on Feb. 11 that Chiang Kai-shek would take the offensive against Canton was denied two d later with the publication of an thoritative statement that Nanki and Canton had compromised th differences and that the latter w being assisted by Nanking in floati a loan of $15,000,000 (Mex.) w Chinese banks in Hongkong. Mea while, it was reported with some sh of truth that Japanese interests h offered to build two short railway tensions, one 200 miles westward fr the Tsingtao-Iserian line, and t other of equal length from Tangl below Tientsin, to Shiachiachwa The latter line would open up la coal reserves.

Austria and the Peace of Europe

Continued from Page 24

seated bitterness and hatred, which has heretofore been absent from Austrian politics. This hatred is smoldering. It may at any time flare up and produce a new outbreak. Furthermore, as a result of this hatred many thousands of Austrians are turning to the Nazis as the most effective channel for obtaining revenge for Dollfuss's action. The Nazis may, in fact, well prove to be the real beneficiaries of the civil war. They have been playing their cards well and doing everything to win adherents among those who have turned against Dollfuss.

Still further complicating the situation is the growing rivalry between Chancellor Dollfuss and Prince Starhemberg. The latter was at one time an adherent of Hitler, but is now strongly opposed to *Anschluss* and wants the creation of an Austrian Fascist State, modeled on Italian lines. It is generally understood that he believes that Austria's Mussolini should be named Starhemberg and not Dollfuss. The quarrel between these t leaders may, therefore, at any ti bring about a new crisis. It is not si plified by the increasingly outspok sympathies of the Heimwehr gro for a restoration of the Habsbu monarchy. Dr. Dollfuss himself h been charged with favoring the retu of Otto, the son and heir of the la Emperor, Charles.

The situation at this writing is follows: The Dollfuss-Starhembe combination completely controls t machinery of the Austrian Gover ment. Dollfuss and Starhembe while at the moment cooperating, a rivals for the post of dictator. T Austrian Nazi party is great strengthened in numbers but cann obtain power so long as the prese form of dictatorship exists. The fo eign nations, except Germany, a unanimously opposed to *Anschlu* Italy and France are apparently n unwilling to consider a restoration the Habsburgs in Austria and pe haps also in Hungary as one of t most effective checks to German

expansionist tendencies. The Little Entente States—Czechoslovakia, Yugoslavia and Rumania—are almost more afraid of a Habsburg restoration than of *Anschluss*. Great Britain dreads *Anschluss*, but is not prepared to take active measures to prevent it.

In other words, the Austrian question remains unsettled. It is dangerous to world peace because either of the two principal solutions mentioned above—union with Germany or the restoration of the Habsburg monarchy—is sure to be followed by a period of acute political tension. Without entering into the question of Austria's right to join Germany if she wishes it, it is important to note that *Anschluss*, by strengthening Germany, and by extending her frontiers into Eastern and Southern Europe, would create an entirely new political situation in Europe. *Anschluss* is particularly dangerous for Czechoslovakia because more than 3,000,000 of that nation's 14,000,000 population are German-speaking and live for the most part in those sections adjoining Germany and Austria. It is the avowed purpose of Chancellor Hitler to attach these Germans to the Reich. The loss of this population and of the very rich territories which they inhabit would severely cripple the Czechoslovak State.

Czechoslovakia's position would become even more desperate owing to the certain desire of the rest of the non-Czechoslovak population to secede. The Hungarians in the present Czechoslovak State, who, according to the latest Czechoslovak statistics, number 690,000, but according to earlier estimates more nearly 2,000,000, would surely attempt to be incorporated in the present Kingdom of Hungary. It is not inconceivable that for economic reasons part of the non-Hungarian population of Slovakia would wish to do likewise. In any event, the present Czechoslovak State would be broken up. It seems highly improbable that the remaining fragments, inhabited mostly by Czechs and Slovaks, could survive as an independent nation.

The point at issue is not so much whether or not Czechoslovakia deserves such a fate but rather that the elimination of this State from the Central European political map would inevitably have grave repercussions. In the first place, it would destroy the Little Entente, and thus would materially weaken the position of Yugoslavia and Rumania. In the second place, it would surely strengthen those forces, both in Hungary and in Rumania and Yugoslavia, which are anxious to restore to Hungary part of that country's former territories which are today incorporated in Rumania and Yugoslavia. This would inevitably weaken these two States and might well precipitate a "preventive invasion" of Hungary by them.

As if this were not enough, the dismemberment of Czechoslovakia would seriously affect Poland. The reasons for this are twofold. In the first place, it would deprive Poland of a neighbor almost as strongly anti-German as is Poland itself. In the second place, the Germans, with their population and territory increased by the annexation of Austria and parts of Czechoslovakia, would be all the more ready and eager to "recapture" the Polish Corridor. As the maintenance of the Corridor as an integral part of the State is vital to the survival of the Polish nation, the new line-up in Europe would prove highly dangerous for Poland.

On the south and southeast the enlarged German State would likewise produce serious misgivings. Italy during the last year has come to be the most determined opponent of *An-*

schluss because she does not want Germany as her neighbor along the Alps. She fears that the enlarged Germany would not only seek to recover the portions of the German Tyrol now incorporated in the Italian State but would also seek ultimately to regain Trieste and the neighboring territory which until 1918 belonged to Austria. Germany would then at last have her port on the Adriatic, of which she has so long dreamed.

Yugoslavia and Hungary, while not as keenly opposed to the enlargement of Germany as the other nations, are far from enthusiastic about the prospect. The Yugoslavs, while bitterly resentful of Italy's attempted domination of the Balkans, realize that the new Germany would be in an even better position than Italy to exert pressure on all the Balkan States. Hungary, also, while disliking the prospect of having the German frontier only a short distance from Budapest, realizes at the same time that the extension of Germany's power would probably bring Hungary almost entirely under German influence. The Hungarians have never liked the Germans and are far from eager to see Germany dominant throughout Central and Eastern Europe.

The alternative to *Anschluss* at present most discussed is the restoration of the Habsburgs. This has so many practical disadvantages that it remains for the present in the realm of the possible rather than of the probable. In the first place, the cost of restoring a monarchy in Austria—and presumably at the same time in Hungary—would add almost unbearable burdens to the already overweighted budgets of these two States. One of the complications lies in the fact that the Habsburgs are still an institution. The family had, and theoretically still has, a law and organization of its own. Its different members owned properties in various parts of the former empire worth hundreds of millions of dollars. While these properties have in large part been confiscated, the legal claims to them have not been abandoned and would surely be revived. In other words, a restoration means not alone the placing of young Otto on the throne, but a reversion to an economic and social order of the pre-war days. This raises so many political problems that it would be extremely difficult to bring about.

At the same time the mere prospect of a restoration is regarded by the Czechs in particular, and to a lesser extent by the Yugoslavs and Rumanians, as a direct menace to their security. They base their fears on the inevitable demand of the Habsburgs and their followers to regain the territories which they lost when the old empire was broken up. Rather than see such territorial changes the States of the Little Entente can be counted upon to do everything in their power to prevent the restoration of the Habsburgs.

While these two "solutions" for the Austrian problem—*Anschluss* and the restoration of the Habsburgs—are faced with almost insuperable obstacles, the third "solution"—to continue the Austrian Republic under a dictatorship—is likewise rendered almost impossible by economic obstacles. The little Austrian State can hardly live by itself. The Italian Government at present is attempting to establish favored commercial relations with Austria and Hungary. These may alleviate the sufferings of some of the Austrians for a while, but they do not offer a permanent solution of the Austrian problem. Time alone will uncover a workable plan for Austria's future.

CURRENT HISTORY

MAY 1934

What Japan Wants

By F. R. ELDRIDGE*

MORE than one observer of events in the Far East has declared that Japan is a war-crazed nation ruled by a military caste like that of pre-war Prussia. We have been told also that a conflict in the Pacific area is inevitable because of the Japanese temper, and that the Island Empire represents at present the greatest menace to the peace of the world. A dispassionate review of the factors involved, however, leads to another conclusion. Japan does not want war. She wants only security and the opportunity to trade peacefully throughout the world.

Japan is woefully deficient in foodstuffs for her population, which grows at the rate of 1,000,000 a year, and in raw materials for her industry. In order to survive at all, Japan must trade. Hers is not a surplus economy, and she is not forced to take out of production vast areas of wheat and cotton. Only 17 per cent of the islands, whose total area is no larger than California, can be cultivated, and all this land must be used to grow rice and vegetables to keep the people from starving. Only a little raw cotton can be grown in Chosen (Korea) —not enough to supply the local demand. Japan has to import all her raw cotton, aluminum, wool and rubber, and almost all her lead, zinc, iron ore, petroleum, tin, oil seeds and hemp. In addition, she must import 10 per cent of her rice.

The all-important question to Japan is how to utilize her vast labor resources in the fabrication of products and how to sell these products abroad to obtain the foreign exchange with which to pay for the essential imports. No country in this position wants war. War destroys commerce. It creates hatreds and antipathies that dry up the roots of international goodwill upon which commerce thrives.

A war with Russia, therefore, un-

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less it were forced upon Japan, seems unlikely, although if Japan really wanted to fight with her great rival she would have no difficulty in picking a quarrel.

There is, for instance, the ever-present fisheries dispute. Because the yen has depreciated since the agreement was made by which Japanese fishermen pay so many yen per ton to take their boats into the territorial waters of the Siberian Maritime Provinces, Russia is seeking to raise these charges. Japan objects and the matter remains a question which must be settled shortly.

This matter has been disputed many times before; but as Japan has a market for the fish and Russia has not, Japan usually wins her point. She is the buyer, and the fish are being offered, so to speak, in a buyers' market. If Japanese fishermen did not take them, they would remain in the sea and Russia would get no revenue whatsoever. But even were she prevented from sending her boats into Russian waters, because of the prohibitive fees, Japan would hardly go to war about it. The whole value of the catch would not pay for a week of warfare.

There has been Russo-Japanese friction, moreover, over the Chinese Eastern Railroad. With the construction of new lines from Seishin on the Chosen coast to Manchuli on the Siberian border, the Chinese Eastern Railroad has been rendered of little commercial value and the Russians are willing to sell it to Manchukuo for 200,000,000 yen. When asked who will assume the bonded indebtedness held by the Russo-Asiatic Bank, which lent the money to the Czar to build the road in 1896, the Soviet officials shrug their shoulders. They have repudiated all Czarist debts. Yet if Manchukuo should pay Soviet Russia the full amount asked, the French and White Russian bondholders would look to Manchukuo for payment of the bonded indebtedness. Manchukuo has offered Russia about 40,000,000 yen for the railroad on the assumption that she would be liable for the repudiated debt were the case brought to court. Thus the matter stands.

Under the agreement made in 1928 with Chang Tso-lin, the one-time War Lord of Manchuria, a Russian general manager still runs the Chinese Eastern Railroad, and so long as he behaves himself and does not engage in subversive activities the Japanese probably will not disturb him. Both parties, however, would be more comfortable were this troublesome question disposed of, and until it is settled Japan has refused to sign the non-aggression pact that Russia has proposed. Japan argues that she cannot truthfully assume that there are no outstanding questions between the two countries as long as the Chinese Eastern Railroad remains a possible cause of friction.

Japan wants to trade peacefully with China. She wants to exchange her manufactured goods for China's raw materials and foodstuffs without having boycotts launched against her. Japan realizes that political domination is not necessary to her peaceful trade with China, and that all she needs is the removal of the disturbing influences that have led peaceful Chinese merchants to refuse to carry Japanese goods, even though there was a demand for them. These influences in the past could be pretty generally traced to the door of Soviet Russia. If Japan finds that in certain parts of China she cannot carry on this trade which is so vital to her survival without taking over political control in one form or another, she will not hesitate to take such steps as are necessary.

The trade of China means more to Japan than the good-will of most European countries and even more than the silk trade with the United States, for the farmers who raise the silk can exist otherwise, but the factory workers who get their raw materials from China and sell their finished products there would—one out of every twenty of them, at least—be deprived of their livelihood. These industrial workers, together with the capitalists who own the factories, are behind the present movement in Japan which has retired General Araki and placed the widely-traveled Mr. Hirota in charge of Japan's foreign policy. That policy is now to conciliate the United States and avoid a conflict with Soviet Russia, and to placate China by carrying out something of Theodore Roosevelt's policy of "speaking softly but wielding a big stick."

Japan realizes that to control all China politically is a well-nigh impossible task. It would mean stationing troops in every province and hsien, garrisoning every city and controlling every trade route. It would not be worth the effort if it were possible, for most of China is an economic liability. Japan cannot sell to China more than she is able to buy from China, and the Chinese are greatly handicapped in many places not only in production but also in transportation of their products to market. In that part of China below the Yangtse, now dominated by the Red armies, production of agricultural crops has steadily decreased with the increase in unoccupied land. The "have nots" have driven out the "have gots," and so upset the economics of many provinces that all vestiges of mobile capital have disappeared. The machinery of production and distribution has become paralyzed and trade has fallen to the lowest figures since the Taiping Rebellion.

Half of Japan's trade with China in the past was with the three Eastern provinces comprising Manchuria before 1932 and now incorporated into Manchukuo. Here Japan finds conditions improving for the first time in many years. The currency, which Chang Hsiao-liang, who succeeded his father, Chang Tso-lin, as War Lord of Manchuria, had steadily depreciated in order to buy the farmers' crops with paper money and sell them at enormous profit to the Japanese in gold yen, has now been stabilized. This has removed the risk of fluctuation which still handicaps Japan's trade with China proper. The rise in the price of silver as a commodity, which is due to the action of the United States Government in its efforts to relieve the silver mining industry in the West, while theoretically giving China more purchasing power in gold currencies, has actually militated against her ability to buy by limiting her ability to sell her products to these same gold-currency countries.

This has already adversely affected commerce between gold-using Manchukuo and silver-using China proper. Three years ago China imported 50 per cent more from Manchuria than it exported to Manchuria, the balance being taken care of by the remittances which emigrant Chinese sent home to their families in China proper. With this money China imported large amounts of Manchurian wheat, kaoliang and millet. Today these same Chinese emigrants in Manchukuo find that with silver rising, their purchase of Chinese dollars with a given amount of gold Manchukuo currency is cut about 50 per cent. Therefore, China has just that much less to spend for Manchukuo products and more of these products are being sold to Japan and other gold-currency countries.

It is true that the Chinese, given fairly stable government anywhere, never fail to prosper. Manchukuo is no exception. There are only 250,000 Japanese in Manchukuo and over 30,000,000 Chinese, many of whom are now living under a stable government for the first time in their lives. Their crops are not confiscated by depreciated currency; they are no longer forced to grow opium in order to meet exorbitant taxation; their property is comparatively free from the raiding bandits. Roads are being built by the Japanese in all directions and railroads are being constructed to lower transportation costs, which were always borne by the struggling Chinese farmers in the past. All in all, the people of Manchukuo are better off today than they have ever been before.

As these 30,000,000 people grow more prosperous, the opportunities for profitable trade in goods, other than those being supplied by Japan, must grow. Already Germany, realizing the trade possibilities, has made overtures looking toward recognition of Manchukuo, and France has sent unofficial representatives who have obtained gold-mining and other profitable concessions. Perhaps, under these circumstances, it will not be long before American exporters will realize that non-recognition of a rich country that has a favorable trade balance of $70,000,000 a year to spend on development activities is not a very farsighted policy after all.

There has been much talk of Japan's closing the Open Door in Manchukuo. If Japan is getting the lion's share of Manchukuo's business today it is because Japan takes most of Manchukuo's exports. These are paid for in yen that, in the last analysis, can be spent only in Japan for Japanese products, no matter whether Manchukuo spends them directly or in three- or four-way trade transactions with other countries. If the United States could engage in direct and extensive purchases of Manchukuo's products as does Japan, the dollars which were paid to Manchukuo for these products could be spent in the last analysis only in the United States for American products. As it is, Europe takes more bean oil from Manchukuo than does the United States and is therefore able to sell them larger quantities of manufactured goods. Europe buys Manchukuo's wheat, which Americans do not need.

The move toward recognition of Manchukuo is, therefore, likely to come from Europe first, but it may not be long before the Hoover doctrine of non-recognition of the "fruits of aggression" may be turned into a Roosevelt doctrine of the recognition of the fruits of commerce.

We have been told that Japan is likely to clash with Soviet Russia over the possession of Inner Mongolia. Outer Mongolia is just as much a part of Soviet Russia today as Manchukuo is a part of Japan, but no Lytton Commission has ever been sent to investigate it. Inner Mongolia is not an attractive country. The only possible economic use it might have to Japan would be for sheep raising, and the experiments that have been tried there so far have not been very successful. It is very sparsely settled and the tribes are particularly hostile. When Jehol was occupied by the Japanese, punitive expeditions were sent as far as Chahar, in Inner Mongolia, but nothing like a permanent colonization policy has been fixed upon. The Japanese are not anxious to take on economic white elephants, and that is just what Inner Mongolia would be.

Japan has no deep laid plans to take the Philippines, seize Singapore or in other than purely commercial ways

extend its influence throughout the British, Dutch and French colonies in Asia. We are told that the peoples of these colonies are oppressed and that they would welcome the deliverance which Russia, for example, could offer them, but that they are all mortally afraid of Japanese domination. The Philippine Islands are an economic liability to the United States, and from a dollars and cents point of view, the United States will be well rid of them when the legislation just passed by Congress becomes effective in about twelve years. While they represent a large market for American cotton piece goods, they buy them behind a tariff wall at great economic loss to themselves. They could buy Japanese cotton goods much more cheaply.

In order to provide the Filipinos with purchasing power to buy American goods thus uneconomically, the United States buys their sugar, tobacco, hemp and cocoanut oil because it comes in without duty, when the same products could be bought elsewhere more cheaply if they, too, were admitted duty free. The cost of the American military establishment is a dead loss. The islands offer no opportunities for the American investor because of the limitation on land holding to 2,500 acres. While the islands need foreign capital, they fear the increased investment of American capital because it might build up a group in the United States that would oppose independence. What the Filipinos really want is American protection, an American free market, and the right to govern themselves.

If the Japanese were to seize the Philippines, they would risk war with the United States, sacrifice a $200,000,000 raw silk export trade, and acquire a dependency which has been found an economic burden. The Filipinos have a lower living standard than the Japanese and this has militated against emigration of Japanese to the islands, except in the Davao district of Mindanao, where a flourishing Japanese colony raises the best hemp produced in the territory.

Apart from the island of Mindanao, which has only 900,000 Moros in an area the size of the State of Indiana, there is no place in the Philippines that would prove attractive to Japanese colonists. The million or so Japanese colonists which Mindanao would accommodate comfortably might prove of great economic benefit to the islands as a whole, and certainly they would prove more attractive neighbors than the Moros, who murder every Filipino they come across in Mindanao, with all of the religious fervor of good Mohammedans, who believe that their entrance into Heaven is guaranteed by such deeds.

Many wild stories of Japanese plots to seize Singapore, enter into an alliance with Siam against the British and otherwise make themselves obnoxious in the Middle East are appearing in the press. They are accused of scheming for a canal in Siam across the Isthmus of Kra to render Singapore a dead port. British sailors have a brawl with some Japanese sailors in Bangkok and our correspondents tell us that Japanese submarines appear on the scene like strange sea-serpents to defend their nationals. It is true that the Japanese object to the fortifying of Singapore and its conversion into a naval base. Such action can be aimed only at them.

The Japanese want peace and trade throughout the Malay Archipelago, and this is apparently misunderstood by Downing Street. A reason for the misunderstanding can be seen in the fact that Japan has a natural advantage in the manufacture of the coarser grades of cotton piece goods, and is

able to sell them in competition with Manchester in this erstwhile British trade preserve. When a nation like England, which depends so much on its overseas trade—and piece goods represent roughly 30 per cent of that trade with India and the Malay Peninsula—finds that trade slipping into the hands of a competitor, hard feelings are bound to result.

In the case of India, however, Japan did not prove herself unreasonable. When peremptory action was taken by India and Japanese piece goods were practically excluded, Japan bowed politely and calmly announced that if she could not sell her piece goods in India, she of course could not continue to purchase a third of her raw cotton there. This announcement raised such a clamor among the native Indian population, who wanted the cheaper Japanese cotton goods and desired to continue selling their raw cotton to Japan, that the British Raj hastily entered into conference on the subject. The result was an agreement fixing the imports of Japanese cotton goods on a sliding scale, dependent upon Japan's takings of Indian cotton.

Most writers on the Far Eastern question assume that Japan is actuated by some such policy as the *Drang nach Osten* that dominated German policy in the Balkans before the great war. They do not seem to realize that everywhere in the Orient, except in Australia, Japan is confronted with densely populated lands which have a purchasing power and a living standard *much lower* than her own. In China, Siam, the Malay States and the Dutch East Indies, however, Japan can trade on a basis of perfect equality with all other nations. Given peace and good-will, her manufacturing advantages will permit her to sell large enough quantities of manufactured goods to purchase the supplies of raw materials and foodstuffs which she needs.

Japan is obviously handicapped in her trade in French Indo-China, British India and the Philippines, but she has no intention of occupying these countries forcibly for this reason. As long as she is not discriminated against she recognizes the right of the home country to preference in its own colonies. She even admits the right of Australia to say what kind of people shall settle there, although race pride does not permit her to acknowledge that Australia is sound in her choice. This much, at least, seems clear: Japan has no intention of occupying any part of Eastern Asia so long as she has the right to trade freely and on a basis of equality with all other foreign countries in such territory. If there is discrimination, as in the case of the past Chinese boycotts, she naturally resents it and takes steps to stop it.

Japan's survival as a people depends upon this right to trade. It happens that her population is increasing at a rapid rate and that nature has not endowed her with enough natural resources. She must obtain food and raw materials from other countries, or a large portion of her population will starve. To do this she can sell these other countries only the products of her factories. She does not produce gold as does South Africa or silver as do Mexico and the United States. Her economy is distinctly a commercial economy and she must trade to live. Her factory workers are willing to work harder and for less money than those of other countries and this gives her the only asset she possesses, comparative advantage in certain types of manufacturing. If the world will not recognize this position and insists upon placing obstacles in the pathway of her attempts to survive, then, and then only, will Japan fight.

Starve and Prosper!

By NORMAN THOMAS*

ONE of the ablest of the many able men associated with the Department of Agriculture is Professor M. L. Wilson. He first came to fame by his part in perfecting a wheat which would bring forth more abundantly. He next came to fame by his part in perfecting a law to bribe farmers, at the cost of a tax on consumers, not to plant so much wheat. Mr. Wilson's experience is a kind of symbol of the worst form of social insanity which our crazy world has yet seen. At considerable expense the Federal and State governments maintain excellent and elaborate agricultural colleges and experiment stations. Agriculture, which is in a bad way now, would be completely ruined if the majority of our farmers would intelligently avail themselves of the information these institutions provide on increasing production by scientific methods. It is only because comparatively few farmers are scientifically educated that it pays any young farmer to get such an education. And yet the world as a whole is still both hungry and cold.

In such a world no Dean Swift ever wrote so complete a satire on civilization as the honest and troubled men who wrote in the pedestrian language of law the Agricultural Adjustment Act. For thousands of generations, ever since the dim beginning of any sort of civilization, mankind has bee struggling blindly, and only in recen years with vision and intelligence against an inevitable scarcity. Pear Buck's moving description of famin in a Chinese village, in her book *Th Good Earth,* could with minor varia tions, have been told of villages roun the world, all down the ages. It illus trates in an extreme form the problem of scarcity. To the ancestors of thi generation it would have seemed tha to make scarcity no longer inevitabl would mean the dawn of the millen nium. Our generation has instead, i this, the richest country in the world fled from abundance. We do not know how to manage it, and therefore, b subsidized destruction, we return t familiar scarcity, in order to give ou farmers prosperity. We have "brea lines knee-deep in wheat" and ou principal effort is to reduce the suppl of wheat.

It is not to be supposed that suc obvious madness has gone unnotice and unregretted even in a lunati world. President Roosevelt frankl commended the Agricultural Adjust ment Act to Congress as an experi ment of uncertain worth only justi fied by the magnitude of the emer gency. This has been the prevailin tone of the discussion both of the Ag ricultural Adjustment Act and mor recently of the Bankhead bill for th compulsory regulation of the size o the cotton crop. Not once but repeat edly has Secretary Wallace, the mos thoughtful member of the adminis tration, deplored the necessity fo curtailing production, a necessit

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which he finds inherent in our economic nationalism. To his powerful statement of the case in his now famous pamphlet, *America Must Choose*, we shall return later.

Our present point is that the defense of reducing the production of staple food crops in a hungry world, and of cotton in a cold and naked world, is, in most cases, merely an irritable retort, "Show us anything better to do"—a challenge which it must be admitted is seldom met save half-heartedly by a few surviving free traders of the old-fashioned Cobdenite school. For the rest, the critics of the administration program of the return to scarcity are impotent to suggest anything save a continuation of a program of unrestricted agricultural competition within the nation which had already brought farming to the edge of disaster. By this failure they unite with the proponents of the return to scarcity are impotent to credit not only the national economy, but the price and profit system which have made us powerless to use abundance to break down the prison house of poverty and insecurity in which mankind has so long been confined. Nevertheless, it is not only a weak but a dangerous argument in support of restricting production which rests solely on the inability of its critics to suggest anything better to do. The opponents of this restriction of production have the right to demand that we face explicitly the consequences of a policy from which instinctively most of us recoil. Let us now see in some detail what is involved in the attempt to restrict our agricultural production.

Nearly a year of experimenting has completely vindicated those who from the beginning have argued that the administration's attempt to bribe farmers into voluntary cooperation for the reduction of crops would be progressively more and more of a failure. Under the AAA farmers who raise certain staple crops were paid to reduce acreage. They were paid for the acres they did not plant or, in the case of cotton, which they plowed under. There was a widespread but by no means universal acceptance of these contracts. I have seen some evidence from share-croppers that landlords evaded their contracts. Certainly the weather was favorable for a good cotton crop. There was an immense increase in the care with which the remaining acres were cultivated, and intensive cultivation was bound to make further gains in 1934. In the month of January this year I heard of one Southwestern city in which one single firm had increased its sales of fertilizer by more than 100 per cent, and this, I was told, was typical. The net result was that more cotton was ginned in 1933 than in 1932—13,043,110 500-pound bales, as against 13,001,508 in 1932. The farmers got paid for plowing their cotton under and then had a bigger crop!

Such a situation made it inevitable that the next experiment should be the Bankhead bill for the compulsory restriction of the number of bales any one farmer can market without paying a prohibitive tax. In this respect cotton is only a few jumps ahead of what must happen in the production of all great staples. In order to save farming we shall set up an immense bureaucratic machine over the farmers to tell them just how much they may produce. The decision will not be reached in the light of the needs of a world or even of America, but solely on an attempt to estimate the effective demand, at a price regarded by farmers as reasonable, or, in other words, by the vendibility of the crop under the price and profit system.

That way lies disaster and nothing but disaster.

In the first place, the attempt to enforce restricted production will be more difficult than the attempt to enforce prohibition. It runs foul of an instinct for production at least as deep as the desire for alcohol. The successful bootlegging of a crop will be profitable much as was the bootlegging of liquor. When the day comes, which Secretary Wallace regards as possible, when every cultivated field has to have its license tag, we may perhaps end the problem of unemployment by enlisting the unemployed in the enforcement army. Human ingenuity cannot devise tags or labels for identifying cotton or wheat, legitimately marketed and free from prohibitive tax, without inviting successful counterfeiting of such labels. In proportion to the initial success of this law in raising prices will the temptation to bootlegging be increased. It is possible that this lone single thing may ultimately break down the system, at great cost, however, to the whole community.

Meanwhile we shall have a growing list of evils. Practically, as is recognized in the Bankhead bill, the only way to reduce crops is on a percentage basis which begins by accepting the status quo and freezing it into eternal law. Each county and each farm must be given its percentage of the allotted crop. The desired price will be fixed more or less in the light of cost of production on the marginal farms. The best that one can expect a government bureau to do will be to rule out land that is clearly submarginal. It will be difficult to bring new land and new methods into use—that is, legally. The limit on production will be a premium on inefficiency. The farmer and the government bureaucracy between them will lose almost all interest in increasing the capacity of industrial workers to consume their cotton or their milk. They will be content, if the system works at all, with a guaranteed price for what they produce. Not only will they become rampant economic nationalists, perhaps to a worse degree than tariff-favored manufacturers, but they will lose an aggressive interest in the attempt to increase the home market. Conceivably the consumers will be forced to wage as bitter a struggle against this elaborate system of restriction—always provided that with the aid of an army of snoopers it works at all—as did John Bright's England against the Corn Laws. This will certainly be the case if for any reason the present tendency toward stationary population in the United States should be reversed.

It is the mixture of acreage reduction under the AAA with an abominable land system which the New Deal has not yet touched to which we owe the most disastrous results of acreage reduction. Inevitably, and in spite of any legislation, a system of paying landlords for not planting acres is bound to drive the tenant farmer off the land or reduce him to the level of a day laborer at outrageously low wages. This is precisely what is happening, especially to the share-croppers in the cotton and tobacco country. There are some 1,500,000 of these "forgotten men" whose economic and social conditions are, on the average, the worst I have seen anywhere in America. They own nothing. They are staked year by year by the landlord and get half the net value of the crop after the landlord has deducted his advances, which all too often are figured with a "crooked pencil," especially if the share-cropper has the added

disadvantage of being a Negro. It must be added that illiterate whites fare little better. The cotton contracts gave the share-croppers little more than the protection of pious words, and all the enforcement machinery is in the hands of the landlord class. The result is that thousands of share-croppers are being driven completely off the land or else deeper into peonage to the landlord.

So far, the major effort of the Department of Agriculture has been to whitewash the situation. The Bankhead bill gives the Secretary of Agriculture power to protect the share-croppers, but how is not specified, and it is difficult to see that much can be done under a land system which means peonage for thousands upon thousands of men. Even the government's laudable effort to put submarginal land back into forests will mean the displacement of thousands of farmers, mostly of the lowest economic status. Bad as their present condition is, it will become worse, unless there is definite provision to absorb them into industry.

Indeed, it is to the expansion of industry, rather than agriculture, that we must look to take care of men displaced by the coming of machinery to the help of agriculture. A decreasing number of agricultural workers scientifically trained can supply the food needs of a population which tends to become stationary. On the other hand, there is no near limit which can be set to the wants of men which industry can supply. In other words, there is no program for agriculture which is not bound up with industry. We are either going to accept the possibility of abundance in both agriculture and industry or we are going to try to curb industry and restore scarcity in both agriculture and industry. The present fear of machinery is on all fours with the desire to curb agricultural production.

Now it is easy enough to prove, as Walter Lipmann has recently done, that all along the line the fear of plenty is unwarranted. He is entirely right in saying that the use of labor-saving machinery makes a nation richer and not poorer as the comparative wealth of America abundantly testifies. Nevertheless, there is a problem of technological unemployment both in industry and agriculture, and it is not a problem which can take care of itself. Charles G. Ross, in the *St. Louis Post-Dispatch,* has convincingly proved that, if production were restored to the 1929 level, there would still be 4,000,000 unemployed. Machinery will be an unmixed blessing only when the time and rate of its introduction can be planned, not according to the inclination of this individual or that corporation for profit, but according to our ability to produce, distribute, and enjoy abundance, and to shorten working hours. This test cannot be imposed in a system ruled by the divine right of profit for the owners of property.

Under such a system we shall continue to have a further development of the course already begun, that is, a policy of subsidies for manufacturers and farmers who are politically powerful enough to demand it. Our experience with tariffs shows that groups never abandon subsidies voluntarily. Infant industries have never grown up beyond the need of tariffs. By the same token it is futile nonsense to assume that the attempt to make the farmers rich by restoring scarcity at the cost of a subsidy from the consumers is only an emergency measure lightly to be abandoned. It will scarcely be abandoned unless or until our effort to get rich by subsidizing each other breaks down as completely as

the economy of the delectable island where every one made a living by taking in his neighbor's washing.

No, there is a better hope. It is the acceptance of the economy of abundance, and that requires us completely to supersede the price and profit system born of scarcity. Until we come to realize this basic fact, we must expect all manner of economic woes to which various political ills will be added. The ultimate political ill, of course, is international war to which a program of economic nationalism, no matter how it is dressed up, assuredly points. Along the way we shall have the varied and assorted ills of pork-barrel politics to which will be added an inevitable growth of a bureaucratic dictatorship which alone can enforce a comprehensive reduction in agricultural or industrial output.

That we do not immediately feel all these evils is due to a certain liberalism in President Roosevelt himself and to the unusual quality of Secretary Wallace and his principal advisers. Mr. Wallace himself has partially pointed the way out by his advocacy of economic internationalism or at least by a compromise which will give some measure of economic internationalism a chance. The weakness of his position is twofold:

1. Even on the basis of a national economy it is enough to make devils laugh to listen to an argument for the drastic reduction of the cotton crop or of milk reduction and then to consider that the children of sharecroppers and of most of the textile workers do not have two sets of underclothes a year and that their wives have not enough sheets to go around. As for the milk situation, at a time when we are to be taxed for the production of milk, New York City is actually consuming about one-half of what has been estimated to be advisable for the health of its children There is a great deal of expansion possible in agricultural consumption to say nothing of industrial consumption, before we reach the limit of what our American fellow-citizens need as distinguished from what they can afford to buy.

2. The economic internationalism which Mr. Wallace advocates is more necessary yet harder to attain than he thinks. It is reasonably clear that we cannot marry the kind of planned national economy toward which in a blind and stumbling way most nations are moving and a *laissez-faire* free trade between nations. Neither can we get a valid world economy on the basis of such bargaining between nations as may be furthered by giving the President power to raise or lower tariffs by 50 per cent. We shall have to come to some degree of world planning. And that is the hardest task before men.

It will be seen that I do not minimize the difficulties in the way of a successful practice of the economy of plenty. We owe a reluctant sympathy to the advocates and defenders of the AAA who have demanded, so far in vain, of their capitalist critics, "Tell us, what else can we do?" It is certain that in a price and profit economy, further complicated by economic nationalism, farming, deprived of any protection equivalent to that which tariffs had given to certain manufacturers, was plunging deeper and deeper into disaster. The city worker gained a certain advantage from the cheapness of agricultural products, although the wastes and profits of our system of processing and marketing deprived him of most of the benefits he might otherwise have enjoyed at the farmers' expense. In the city workers lost directly and immensely because of the decline in the purchas-

ing power of the farmer. Under these conditions it is absurd for the capitalist enemies of controlled production to imagine that the farmers can be made content to let things drift forever.

The whole point is that our disintegrating capitalist nationalist system has no answer to the problem of agriculture, but only a choice between evils. Capitalism was born in an age of scarcity. Its incentives were the incentives of inevitable scarcity. Now that machinery enables us to have abundance, the day of a system born of scarcity is done. There is no royal road to plenty. That shared abundance which machinery has made the logical, not the only, basis for human well-being will not be realized save as we accept the philosophy and the organization of the cooperative commonwealth. The successful management of the machine age, with its necessary specialization and integration, requires plan. That plan must be for the common good. It cannot possibly be harmonized with the pursuit of profit as the reward of speculation or the ownership of property. It cannot be completely realized within the borders of any one nation. Men will go on trying arbitrarily to restore scarcity until they learn to accept a new social order based on the social ownership of the great means of production and their operation, according to plan, to the end that there may be abundance for all. It cannot be achieved painlessly under pressure of Stewart Chase's "technological imperatives." It requires organization and struggle.

In short, the conditions for achieving this new society are the conditions for achieving socialism, and he who objects to socialism is objecting to that acceptance of abundance to which increasingly the obvious follies and tragedies of a return to scarcity is compelling them to give the allegiance at least of their hopes.

The Odds Against Labor

By MAURITZ A. HALLGREN*

THERE was also to have been a New Deal for labor. Perhaps there will still be, even if at the moment it appears to have been denied by the hard facts of our profit economy. Yet why be surprised?

In any economy in which the profit motive serves as the mainspring of production it is all but inevitable that profits should be considered before wages. Without a fair degree of certainty of profits, the incentive to produce is likely to be removed, and employment diminishes. Conversely, when rising prices or other factors give promise of renewed profits, production begins to expand again, employment increases and wage income, though more slowly, climbs back to what the statisticians call normal. And that is why there has always been a marked disposition on the part not only of business men but also of economists and public officials to place the needs of the business community before those of the salaried and wage-earning class.

On those infrequent occasions when government has lent a hand, it has poured in help at the top, or has sought to revive production by applying artificial stimulants to the price structure. Despite the efforts of the Roosevelt administration to stress the part consumer purchasing power plays in economic recovery, it also has had to yield to the pressure of the profit motive.

The relation of purchasing power to business prosperity had been gaining attention for several years before Franklin D. Roosevelt entered the White House. In the decade following the World War the so-called enlightened capitalists embraced the theory that business welfare depended as much upon high wage rates as upon profits. Yet only a relatively few employers subscribed to this belief, and most of them quickly forgot it once the price collapse of 1929-34 began restricting their margins of profit. But apparently Mr. Roosevelt's memory was not so short. In a notable address delivered at Oglethorpe University a few weeks before he was nominated at Chicago he pointed out that wage income during the boom of the Twenties had failed to rise "proportionately to the reward of capital." This was one of the underlying causes of the current economic confusion. It could be remedied by bringing about "a wiser, more equitable distribution of the national income."

Here Mr. Roosevelt went beyond Henry Ford and followed the teachings of economists like J. A. Hobson and J. M. Keynes, who had long held that too much of total income was going to owners and investors and not enough to consumers. Owners and investors, unable to devote more than a small part of their income to personal consumption, reinvested most of it in capital equipment, while consumers found themselves too poor to buy all the consumption goods that could be produced. In time capital equipment, designed to turn out consumption goods, expanded too far.

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Notwithstanding various efforts to assist the consumers by setting up instalment-buying and similar credit schemes, the gulf between the capacity of the factories to turn out goods and the capacity of the consumers to buy these goods ultimately became so wide that our prosperity tumbled into it and disappeared.

Whether right or wrong, this theory was accepted as valid by the Roosevelt administration. It was thought that the process could be reversed. If inadequate purchasing power had brought on the depression, then a rehabilitation of purchasing power might restore prosperity. The administration did not, of course, overlook the part profit plays in our economy. Yet for the first time consumer buying power was given special emphasis, and this was of particular importance to labor. Not only might it prove a boon to business and so provide new employment, and not only did it promise immediate benefits to the workers in the form of higher wages and better working conditions, but it appeared to involve an obligation on the part of the government to assume the rôle of active champion of the working class. If the Roosevelt administration were to seek to increase the income of the wage-earning or consuming class directly, rather than indirectly, it would obviously have to take the part of the workers against those employers who could not be persuaded that economic salvation lay in higher wages.

The Roosevelt program for labor was divided into several sections. Some of these, though they surely helped many workers as individuals, need not be considered here, since they were in essence no more than temporary relief measures. Labor made, and could have made, no permament gains as a result of the civil works or public works scheme.

The principal effort in labor's behalf was concentrated in the National Industrial Recovery Act. The NIRA clothed the President with authority to do what he could within certain generous limits to create new employment. This was to be achieved not only by promoting business recovery but also by shortening the working week. Wage income was to be increased by establishing legal minimum rates of pay, thus expanding the purchasing power of the workers both absolutely and in relation to the total national income. Finally, since capital was so much better organized and since its organization would be immensely strengthened by the suspension of the anti-trust laws and the creation of the trade associations permitted under the Recovery Act, it was deemed essential to facilitate and expedite the organization of labor. Otherwise, it was feared, the superior strength and resources of capital would throw the recovery program out of balance. The answer was embodied in the now famous Section 7-A. While establishing no principles not already recognized in law or in practice, this section, theoretically at least, threw the full weight of the Federal Government and its law-enforcement machinery behind the right of the workers to engage in collective bargaining through agents of their own choosing, and to form and maintain their own organizations.

What have been the results to date? In a sense, of course, to measure these results would require an appraisal of the entire recovery program. Nor is it possible to determine exactly how far these results have been influenced by factors beyond the province or control of the administration. For example, employment has increased somewhat, mostly in consequence of a modest upturn in business activity;

but the very same thing has happened in several other industrial countries. While it may be barely possible that our own economic improvement has brought about this favorable reaction abroad, it is more reasonable to suppose that certain "natural forces"—to use the language of the orthodox economists—have been at work simultaneously, and more or less without benefit of governmental intervention, in all these countries.

The increase in the number of persons in regular employment, as distinct from those holding "made" jobs provided by the late CWA and other relief agencies, has been estimated at from 2,000,000 to 3,000,000 for the first year of the New Deal. As the indices upon which this estimate is based indicated that a year ago approximately 12,000,000 men and women were then jobless, the result is that, statistically speaking, not more than one unemployed worker out of four has found a job since Mr. Roosevelt took office. The employment index of the Bureau of Labor Statistics stood at 73.5 in February, 1934 (the year 1926 being taken as 100), an increase of 4.2 points over January, 1934, and of 18.4 points over March, 1933. Nevertheless, the February index was still fractionally below the high marks established for 1933 in September and October, when it reached 73.9 and 74.0 respectively. There were indications, moreover, that the end of the peak season in automobile production would reverse the trend again, for the increase recorded in February, which was doubtless maintained through March, was mainly due to greater employment in the automobile and related industries.

This index, however, concerns employment, not unemployment. The distinction is not without importance. There are a number of factors which may and do affect the unemployment total but which are not revealed in any employment index. Probably the most accurate unemployment estimate is that published monthly by the American Federation of Labor, but even this index must be accepted with some reserve. In the main it reflects changes among organized workers, who, just because they are organized, are better protected against unemployment than the unorganized workers. Nor does it take into account large groups of workers such as farm laborers and those employed in the "service" trades. For January, 1934, the A. F. of L. reported 11,688,000 unemployed—a decrease of only 2,000,000 from the high mark of 13,690,000 reached in April, 1933. The preliminary report for the month of February indicates a further reduction of 314,000 in the number of unemployed. Accepting the A. F. of L. index as valid, we find that less than 25 per cent of the jobless have found work in the normal activities of American industry.

Less than a year ago we were being told again and again that the shortening of the working week would provide many more jobs than have actually materialized. General Johnson, the NRA Administrator, spoke hopefully last Summer of putting 6,000,000 men back to work by Labor Day. But this proud boast was not made good, mainly because the NRA failed to make any serious effort to adjust the hours of labor on a realistic basis. Statisticians for the American Federation of Labor had estimated that a universal thirty-hour week would be needed to take up the slack in employment. Independent statisticians and economists believed that the working week would have to be reduced to twenty-eight hours in order to provide jobs, on the basis of present business

prospects, for all who are unemployed.

Unfortunately, the NRA took a somewhat different view, considering the problem not from a national standpoint but from that of each industry. Under pressure from employers, who wisely sent their best available talent to Washington to represent them at the code hearings, whereas labor depended upon its own untutored spokesmen, the NRA was far more generous in fixing the hours of labor than the circumstances seemed to require. In only fifteen of the 234 codes approved in the first eight months of the NRA's existence was the working week set at less than forty hours. And in numerous cases this provision was so hedged about with qualifications and exceptions that it afforded no genuine limitation or reduction of hours. The administration acknowledged this failure when, in March of this year, it asked industry to shorten the working week still further. But only a few employers complied.

With the increase in employment there was obviously a corresponding increase in consumer purchasing power. The American Federation of Labor estimated that in February, 1934, the wage earners' total income was $665,000,000 above that for February, 1933. This included income of workers employed on CWA and other government projects. The payroll index of the Bureau of Labor Statistics stood at 55.6 in February, 1934, a gain of 5.2 points over January, 1934, and of 20.7 points over April, 1933. Whether this expansion of buying power represented either a net gain for the individual worker or a proportionate gain for the wage-earning class, as compared with the increased "reward to capital," may well be questioned.

The mere fact that business activity was greater meant of course, that business was earning more money. According to Standard Statistics, approximately 400 industrial firms, which had earned net profits of only $4,022,000 in 1932, reported net profits totaling about $338,698,000 for 1933. Unfortunately, statistics dealing with profits and wage income are so incomplete and so largely based on "samples" that we cannot use them to determine whether or to what extent there has been any change in the ratio between the "reward to capital" and the income of the wage-earning or consuming class. On the other hand, the movement of price and wage indexes at least shows the trend.

That prices have risen faster than wages is evident. The index of retail food prices published by the Bureau of Labor Statistics stood at 108.3 on Feb. 13, 1934, a gain of approximately 20 per cent over April, 1933, when the index stood at 90.4. In the same period prices of clothing and furnishings rose 27.5 per cent, according to the Fairchild index of department store prices. Other living costs showed similar advances. But wages failed to keep pace with this increase.

The American Federation of Labor, in its annual business review for 1933, reported that the income of workers in our sixteen chief producing and distributing industries averaged $20.53 a week in November, 1932, and $20.56 in November, 1933. By the end of January, 1934, the average weekly income of the workers in the same industries had increased to $20.83. Thus, the average worker actually had to reduce his standard of living. The things he must buy went up one-fifth or one-fourth in price, while his wages lagged far behind.

Capital income has thereby apparently been increasing at a more rapid rate than wage income. The price which our total output of goods fetches on the market represents, roughly speak-

ing, our national income. Hence, if prices rise faster than wages and salaries, then it follows that the proportion of our national income which is going into dividends, interest and rent is increasing faster than—and at the expense of—that which is going into wages and salaries. And that, it appears, is what happened in the first year of the New Deal. In brief, the purchasing-power theory of the Roosevelt administration has not worked out in practice.

Nor does it appear that there could have been any other outcome. When President Roosevelt signed the Recovery Act on June 16, 1933, he declared that "the aim of this whole effort is to restore our rich domestic market by raising its vast consuming power. If we now inflate prices as fast and as far as we increase wages, the whole project will be set at naught." Yet the administration soon discovered, if it did not already know, that to promote business recovery prices must be forced up faster than wages. Business was in the doldrums because prices had in general fallen below production costs, thus leaving no room for profits. If production costs, including wages primarily, were to be increased at the same rate as prices, then business would obviously still be left without a margin of profit.

The administration was therefore compelled to resort to various devices intended to bring about a price rise. And the NRA found that it had to allow employers to match wage increases with price increases. Not only the President's Re-employment Agreement, but every "code of fair competition" approved to date has either permitted—in some cases even required—employers to pass their added wage costs on to consumers in the form of higher prices. In these circumstances we could hardly have expected a proportional increase in consumer purchasing power.

Labor has fared little better from the standpoint of organization. Section 7-A of the Recovery Act, which Mr. Roosevelt called "a new charter of rights" for the workers, promised the labor movement all the governmental support it might need for a successful organizing campaign. The administration could have gone no further without assuming direction and control of the labor movement.

The organizing drive of the American Federation of Labor began with a grand flourish. The membership of the federation had, by January, 1933, dropped to something less than 2,000,000 from its all-time high of 4,078,740, reported in 1920. Unions not affiliated with the federation claimed at the same time a dues-paying membership of about 700,000. In August, 1933, the month in which the federation's fiscal year closed and which also saw the first of the major codes in operation, its membership had increased to 2,176,796. For the next few months there was an unprecedented rush of workers to join the ranks of organized labor. Scores of new unions were chartered or organized directly by the A. F. of L. William Green, the president, was able to announce in October that 1,300,000 new members had been taken into his organization, bringing the total above 4,000,000, while additions to independent unions had increased the number of organized workers in the country to more than 5,000,000.

Since October, however, there has been a distinct slackening in the organizing campaign. The reasons are not far to seek. For one thing, the Roosevelt administration has not lived up to its implied responsibilities under the Recovery Act. Secondly, the employers have returned to their former

attitudes and tactics. Lastly, and certainly not least, the underlying philosophy of the American labor movement and its unimaginative and sluggish leadership have contributed toward the setback.

Discussing the labor movement some years ago, J. B. S. Hardman, the labor editor, wrote that "mass organization, political unity, removal of jurisdictional divisions were the crying need of a movement caught between the impact of capitalist consolidation and technological revolution. To accomplish those ends, however, meant going out of well-appointed offices into the field, jeopardizing accumulated resources, sometimes taking a chance with life itself—and the 'constituted leadership' of labor was advanced in age and heavy around the waistline." This characterization in general still applies to American labor leadership. Instead of carrying their fight to the workers, the federation officials, with one notable exception, have devoted most of their time to lobbying activities in Washington.

The principle of craft or horizontal unionism upon which the A. F. of L. rests is another obstacle to success. Craft unionism has departmentalized the labor movement, has broken it into cliques working at cross-purposes. As a result, before the advent of the NRA, there had been almost complete failure to organize the semi-skilled and unskilled workers. Indeed, under this principle, which makes provision only for skilled craftsmen and artisans, the other groups cannot possibly be brought into the labor movement. Seemingly the federation would be wise to drop its craft unionism and swing to the vertical or industrial union—which embraces all the workers in a given industry—in order to meet the challenge of the changes being wrought under the NRA. The recovery laws are not only encouraging but actually compelling employers to form industry-wide trade associations. Thus, all the employers in an industry are enabled to present a solid front to the workers in that industry. But so long as craft unionism obtains the workers must remain divided. These facts seem obvious; yet the federation elected at its Washington convention last October to cling to its faith in horizontal unionism. It is true that it has recently sought to establish vertical unions in the automobile and some other industries, but these organizations apparently arrived on the scene too late. Strong company unions had already been formed by the employers.

Employers were no less alert than labor leaders in attempting to organize the workers under the stimulus of the Recovery Act. For the most part they looked upon Section 7-A as revolutionary in so far as it seemed to require that the power of the State be used on behalf of organized labor. If the workers had to be organized, these employers would see to it that they were organized on terms wholly suitable to capital.

On the very day that President Roosevelt signed the Recovery Act several steel companies announced that "employe representation plans" were being set up in their mills. In each case the company took the lead, posted notices, and laid down rules and regulations. More than 400 similar company unions have been established since last June. While no definite figures are available, it is believed that the workers directly affected by these "representation plans" number several millions. There are other employers who have refused to deal even with company unions and have insisted on maintaining the open shop on the ground that the open shop is sanctioned by Section 7-A.

Organized labor has repeatedly complained that both groups of employers have been violating the law, the former by resorting to interference or coercion in forming company unions, and the latter by refusing to bargain collectively with workers' representatives. Unfortunately, it is only by implication and not by any direct statement that the law requires employers to bargain with labor. This aspect of the problem obviously needs to be clarified. But the complaints dealing with allegedly unlawful company unions need not clarification but investigation. By an impartial inquiry into the facts it should be relatively simple to determine in any particular case whether the law has been violated. At no time, however, has the Roosevelt administration or any law-enforcement agency of the government undertaken such an investigation.

This lack of enforcement on the part of the government and the unwillingness to deal with independent unions on the part of the employers resulted in an outbreak of strikes last Summer and Fall. Of 128 disputes before the National Labor Board, all but thirty-one had to do with questions arising from the efforts of the workers to realize those rights supposedly guaranteed by the Recovery Act.

Another and much more serious wave of strikes was brought on in February and March of this year by the lack of enforcement. Having virtually abandoned hope of obtaining recognition of their rights either in Detroit or Washington, the newly formed industrial union of automobile workers decided to force the issue by calling a strike. The automobile manufacturers seemed not only prepared but eager to accept the challenge. Through their trade journals, in advertisements in the daily press and by other means, they let it be known that they would not bow to the American Federation of Labor or any other independent union without a struggle. Employers in other industries showed by their public statements and their testimony before the Senate Labor Committee that they stood shoulder to shoulder with the automobile manufacturers. It had thus become abundantly clear by March, 1934, that neither four years of depression nor the changed public psychology arising from the New Deal had brought about any real change in the relationship between capital and labor.

President Roosevelt, fearful lest his recovery program be jeopardized, intervened directly in the automobile dispute. His personal intervention resulted in a compromise which, though accepted by both sides, unquestionably constituted a defeat for the American Federation of Labor. The manufacturers' views prevailed at almost every point, but particularly with regard to that section of the compromise dealing with collective bargaining. The A. F. of L. had contended that if a majority of the employes of a company chose its union to represent them, that union should be permitted to bargain collectively for all the employes. The National Labor Board had upheld this contention a few weeks previously in the Denver Tramways case. But Mr. Roosevelt thought differently. He pointed out that the government "favors no particular union or particular form of employe organization or representation," and added that Section 7-A gives employes the right to organize in more than one group if they so desire, with each group entitled to be represented in whatever bargaining takes place. "If there is more than one group," he declared, "each bargaining committee shall have total membership pro rata

to the number of men each member represents."

Such an interpretation places the A. F. of L. union and the company union on exactly the same basis so far as their power to bargain collectively is concerned. Since employers could not extend favors in the way of better wages or working conditions to members of company unions without being accused of discrimination, and since they are not likely to place the latter at a disadvantage as compared with members of other unions, it follows that the collective bargains to be arrived at will be substantially identical with respect to all the organized groups. Hence, in effect, the A. F. of L. union will be in no position to offer inducements to the workers that cannot be duplicated by the company union. The average worker, therefore, will in all likelihood be inclined to join the latter rather than the former, if only to curry favor with the boss.

In brief, then, while labor has made a few gains under the New Deal, these gains have been neither substantial nor have they arisen solely from the efforts of the Roosevelt administration. Secondly, the administration found the demands of the profit economy to be such that it could not bring about a proportional increase in wage income or consumer purchasing power, at least not by the particular methods chosen. And, finally, the championship of the working class implied in the purchasing-power theory has proved too much for the present régime. Carried to its logical conclusion, it would have involved the transference of power to the working class or the creation of a Fascist or paternalistic State. Mr. Roosevelt has several times made it clear that he believes it necessary to maintain the present relationship between the classes. In his first important test—that involving the automobile workers—he met the issue by a compromise which dealt a serious blow to organized labor and extended governmental protection to company unions which had been formed, lawfully or not, for the sole purpose of preventing labor from organizing itself against capital.

Keeping the Lid on the Balkans

By LOUIS ADAMIC*

DURING 1932 and 1933 I spent eleven months in Yugoslavia, one of the largest and potentially one of the richest countries in the Balkan area. I traveled over the land and studied the social and economic conditions in scores of villages. Even in the best of these villages from one-half to two-thirds of the inhabitants are not really peasants, but soilless village proletarians who barely exist—*sirotė,* or paupers, dependent upon the meager resources, the charity, of the upper third.

Ten, even five, years ago, a large part of these village proletarians were directly or indirectly affected by emigration to the United States. For six or seven decades before the World War, while the United States was rushing blindly to the climax of its industrial development, hundreds of thousands left the Balkans and Eastern Europe every year, coming to America to better their socio-economic and political circumstances. Millions among those who remained in Europe hoped eventually to be in position to leave for America, too, and thus escape political oppression and persecution, racial prejudice, military service, spinsterhood, spiritual stagnation, and (in most cases) the ever-narrowing field of opportunity for economic betterment and personal adventure. And to hope to be able to go "across the big pond" some day was for many of those who remained enough to keep them politically tame and harmless to the ruling classes in their various countries. It was a vent for much, probably most, of the social discontent and unrest in the great region that stretches from the Baltic southward to the Mediterranean and from the Black Sea westward to the Adriatic.

Not only did America absorb countless shiploads of humanity dissatisfied with conditions in their native lands, but those who came here sent from one-fourth to two-thirds of the wages they earned to their relatives back in the Balkan and East European villages and towns. This money from America was even more important than the mere fact that a considerable number of people could, or could hope to, emigrate. It is estimated that the average Balkan and East European peasant working in American mills, mines or forests not only supported himself here but supplied the major part of the means of life for from five to ten of his relatives in the old country.

In a countless number of cases the immigrant worker in America paid off the debt on the house of his birth, in which, thanks solely to him, his parents and brothers and sisters then continued to live. He paid, too, the ever-mounting annual government taxes on the old homestead and not infrequently provided the dowry for his sisters so they could marry. He helped his friends and cousins to go to America, whereupon they, in turn, aided their close kin. In brief, the

*Mr. Adamic's recent book, *The Native's Return*, has made his name familiar to those Americans who had missed his *Dynamite* and his *Laughing in the Jungle*.

$300 or $400 he annually sent from America, when translated into kronen, dinars, zloti, levi or rubles, worked wonders in the old country. Those dollars smoothed out many a political wrinkle, abated many a political storm in the land from which he had emigrated. They relieved social conditions which otherwise would have produced political upheavals.

The dollars which immigrants sent from America were, moreover, a boon to the entire economic life of the old countries. Yugoslavia, for instance, even in the years of restricted emigration to the United States, received from her people in the United States from $20,000,000 to $40,000,000 a year, which enabled the Belgrade government to pay foreign debts and the interest on them, cover trade balances, keep up the value of its currency on foreign exchanges, pay its diplomatic corps, and so on.

But eventually the United States was compelled by its own internal problems to restrict the number of new immigrants to its shores. And since the beginning of the current depression the world-famous "Welcome!" sign has been effaced almost completely. In 1932 only 35,000 aliens were admitted, compared to more than 1,000,000 twenty years before. Most of these 35,000, moreover, were wives and children of men already established here. In 1933 many more foreigners returned to Europe, both voluntarily and by deportation, than came in as immigrants seeking a permanent home.

It is not only that the "Welcome!" sign is down. Multitudes of people in Europe realize it would be madness to go to America even if they had passage money and the American Consul would visa their passports. They know of America's enormous army of the unemployed. They read about the depression in the United States in the newspapers and in the letters which relatives, most of whom no longer send any money, write to them from America. They gather about the returned emigrants, some of whom palpably are worse off than when they departed, and listen to melancholy tales about working people in the United States who have lost not only their jobs but also their savings in bank failures.

As a result of all this, a very important fact has gripped the minds of the poverty-oppressed, politically unhappy, and spiritually unfunctioning masses in the East-European and Balkan countries—namely, that America is no longer their far-away Land of Promise. They must stay at home.

What, then, is the next step, if any, in the Balkans and Eastern Europe? I discussed this question with all manner of people in Yugoslavia. Also, in Belgrade and in Dalmatia I met Slovak, Polish, Czech, Bulgarian, Rumanian, Austrian and Hungarian journalists, politicians, priests and lay observers, and talked with them.

A member of Yugoslavia's sham Senate in Belgrade, who is a banker and an appointee and minion of the dictator, King Alexander, said to me quite matter-of-factly that, yes, overpopulation in the Balkans, as elsewhere in Europe, was a serious matter, and what was needed was another war. A new world conflict, he thought, was just around the corner. It had to come—"there are too many of us. America doesn't want any more of us; so, my dear man, what can we do?" Five or ten million men would be killed; if gas were used on a large scale, perhaps 15,000,000 or 20,000,000, and thus some of the most pressing social and economic problems would be solved at least temporarily. Such profound statesmanship, by the way,

is not uncommon in the Balkans, or in Europe generally.

As for the people themselves, some of them, including perhaps a majority of the landless proletariat in the villages, have no clear ideas on the matter—indeed, no ideas at all. Millions of men and women, young and old, in thousands of villages, towns and hamlets, are in a state of social stagnation and rapid personal degeneration. There is little rebellion in them. They are hopeless, no matter how one looks at them. There are other millions, however, who, oppressed by dire economic circumstances, are filled with the spirit of rebellion and, refusing to sink into the gutter, eagerly read every scrap of radical literature that comes into their hands.

The landless proletariat represents the largest element in most Croatian villages. In one I know well there are 400 *gospodarstva* (families or homes which exist as independent economic units.) These 400 families have among them 2,000 acres of soil, of which 300 acres are not available for cultivation. That leaves 1,700 acres, or slightly over four acres per family—which, of course, is not enough. To live halfway decently, even according to the very low Balkan standards of living, a family of five or six would have to have in the best of times, when products are marketable at fair prices, at least eight acres. But, since some of the wealthier peasants in the village have large holdings, most of the families lack even the four acres, and a great many have no soil at all, aside from the ground their shacks stand on. In other words, in this village of 2,000 people and 1,700 productive acres, two-thirds of the inhabitants, economically speaking, do not belong there. And this village is not one of the worst cases; in fact, it is one of the best in Croatia and rather better than the general run of villages in Eastern Europe and the Balkans as a whole.

Most of the larger villages have two or three well-to-do peasants or farmers, the equivalent of the Russian kulaks, who own from 50 to 200 acres of the best land in the vicinity, run the local inn and store, dominate the local peasants' collective, are agents for insurance and fertilizer companies and have other advantageous contacts with the city. They engage in the lumber trade, lend money at exorbitant rates and generally play the rôle of pillars of the community. By and large, these kulaks have only contempt for the village proletarians, especially now that they no longer come to them with American dollars to be exchanged (at a profit) into the local currency. Socially stupid and sunk in self-complacency, they resent the poor, whom they consider a burden on the community, that is, upon themselves. Some of them are aware of the radical stirrings in the villages, and their reaction to the social problem that stares them in the face is typically Fascist. They cooperate with the gendarmerie and the special government agents and terrorists in keeping down the spirit of rebellion.

Wedged between the numerous village proletariat and the few kulaks are the small peasants who own, say, from five to fifteen acres of arable soil, a piece of woodland, a few head of cattle and possibly a team of horses; have a mortgage on their property and live in constant dread of the tax collector. Most of these, in one way or another, are connected with or dependent upon one or more of the kulaks in the village. A majority of them, perhaps, are socially as stupid as the kulaks, but their sympathies—on the narrow personal if not the broad social plane—incline

toward the proletarians if for no other reason than that they instinctively feel that they themselves, being in many cases completely at the mercy of the kulaks, are not far removed from pauperism.

In nearly every village that I visited in Yugoslavia, however (and this, I am reliably informed, is true also of nearly all the other Balkan and East European countries), there is a handful of people, most of them belonging to the middle group, whose social intelligence, if one remembers that they had almost no formal schooling, is nothing short of amazing. They are either Green (or Peasant) Internationalists or Communists, or somewhere in between. They read forbidden communistic and Green Internationalist leaflets. They meet, two or three at a time, sometimes in their houses, sometimes in open fields, to discuss things. In some villages the priest or the teacher is secretly one of them. They have contacts with radical intellectuals in the city.

In nearly every village to which I came, especially in Croatia, I found middle-aged peasants who, having been secretly informed of my coming and my journalistic purpose, were prepared to give me a thorough socio-economic picture of their community. They told me, for instance, that, aside from the two or three kulaks, the whole village did not own the equivalent of $50 in cash; that over one-half the people, having absolutely no money, used no salt, matches or petroleum in their homes. This dearth of cash was due in part to the world-wide *kriza*, but in villages of 100 homes at least a score of homes used no salt, petroleum or matches even before the coming of the *kriza*.

In that Croatian village to which I have already made reference, I talked with a man who knew exactly how many horses and oxen there were in that community, how much capital was invested in those animals, how many acres of land it took to grow the hay and oats to feed them, how many tractors could be bought with the money invested in the horses and oxen if the animals could be sold, and how many tractors and other farm implements could be acquired if, instead of hay and oats to feed the beasts, corn and wheat were grown to sell.

He knew the historic and current reasons for the backwardness of his village. "For a thousand years," he said, "our masters did everything to keep us backward. We use horses and oxen because we always have used them. It is hard for us to make a break with our old ways. We need some one from without to help us, encourage us, energize us; if necessary, to drive, to force us into progress. But as the system now is, no one is interested in us—in our surplus population, our village paupers who starve and shiver and rot in these shacks you see all around. No one outside our village is interested in attacking our bad economy at the roots. We ourselves can't move because we are weighed down by all sorts of local problems, confused by petty jealousies, endlessly frustrated by depressions and wars which hit us every once in a while and ruin everything we might have tried to accomplish." He laughed a little. "They say we have been 'liberated,' now that we are part of Yugoslavia; but the régime in Belgrade, as it turns out, really is no better than was the Austro-Hungarian rule in Budapest or Vienna. The Belgrade government, which is in the hands of the rich and 'educated' individualists"—he smiled at the word *educated*—"is interested mainly in exploiting us and pulling us into the army when the time comes to fight

for the interests of Western capitalism."

A young peasant in another village spoke thus: "Overpopulation? Of course there's overpopulation in our villages, as in Rumania and Hungary and Poland, but only because of the existing economic system. Some of us can imagine a system within which the present territory of Yugoslavia could maintain in well-being not 14,000,000 people [which is the present population of the country] but three times that number. We have a naturally rich country: raw materials galore and great stretches of fertile land. We need big industries to develop our great natural treasures—big industries operated for the benefit of the masses living here and elsewhere, not for the enrichment of a few international capitalists; big industries which would absorb our so-called overpopulation and make room for more people. Of course, such a system could be brought about here only by a bolshevist revolution. In a backward country like ours such industries can be created only in the Russian way."

I asked him how he thought such a revolution would come.

"We figure it will come soon after the next war starts. We expect the masses everywhere in Europe to revolt against their rulers. Then perhaps a period of confusion. Then the new order."

Still another Croat peasant said to me: "Sometimes I dream and imagine the Red army starting from Moscow a million strong. We join them—and then—then good-bye to all this! We become a part of the U. S. S. R., independent republics within a great social-economic union. All Slavs together, 300,000,000 of us, and any one else who cares to come in with us."

This man had been an immigrant in America. He thought that the fact that the United States wants no more immigrants will in the long run react favorably on the Balkans and the rest of Europe. "Now," he said, "we can no longer run away from our troubles, our problem. We must face it, think about it, solve it."

Industrially, Yugoslavia is little developed, but 85 per cent of what there is of industry is capitalized and controlled by English, French, German, Austrian and other foreign investors. In this imperialism the foreigners have had the cooperation of the ruling group in Belgrade, many of whom, including King Alexander, are shareholders in the factories, mines and timber companies without having invested a penny. The average wage they pay their workers, most of whom are pauperized peasants fleeing from rural stagnation, is about the equivalent of 25 cents a day. But I found workers in a Croat textile town who received 52 cents for 164 hours of work. Wages of this level drive those of the proletarians who do not die or degenerate to extreme radicalism.

The wealth that Yugoslav hands create for these "money imperialists" out of Yugoslav raw materials under the protection of the Belgrade rule is withdrawn from Yugoslavia as quickly as it is made. Even in these times some companies pay dividends of 300 and 400 per cent—to investors in France, Germany, England, Switzerland and Sweden. In one year foreign interests drained Yugoslavia of over 2,000,000,000 dinars of Yugoslav-created wealth.

These facts are secretly disseminated and, since the world economic crisis has strongly accentuated them, are widely known in Yugoslavia, especially in the cities. The masses of people in all parts of the country see that they are being separated from their

great natural resources, which could be the basis of a sound national prosperity. They see that capitalism in Yugoslavia and the rest of the Balkans and Eastern Europe is capitalism at its worst and that their country, along with Bulgaria, Rumania, Hungary and Poland, is drifting into the situation Russia escaped by having had a revolution against czarism and the racketeering of international finance.

The result of this realization is that the people (in most cases, in spite of themselves) have turned to the Left. Even comparatively well-situated persons who may be called petty bourgeois are beginning to feel that before long, in order to save themselves and their country from being totally enslaved by Western interests, they will have to overthrow their present rulers and dispense with the "friendship" of France and Great Britain and cease being a part of those powers' diplomatic-military-financial system.

One of the most important elements in the Balkan countries is the students. Of the approximately 25,000 young men and women attending the several Yugoslav universities, perhaps 75 per cent are Communists or Green Internationalists, and if not pro-Soviet, pro-Russian. Most of these students are peasant boys, forming the very important contact between the radical intellectuals in the cities and the radically inclined peasants. Only about 5 per cent of the students are Fascists, and the other 20 per cent are a passive, negative element. In Bulgaria about 85 per cent of university students are Communists, while only 2 per cent may be designated Fascist. In Rumania, Hungary, Austria and Poland, I am told, the percentage of radicals is somewhat lower, with a greater proportion of Fascists.

The intellectual youth in these lands is inevitably turning Left. There is no personal future for most of them in their native countries under the existing system, and they cannot possibly emigrate in any great numbers. A Serb student in Belgrade who graduated in 1933 said to me: "The geographic and other boundaries that now so critically limit our opportunities to function according to our abilities must be broken, eliminated. I've decided that the only way is to revolt pretty much against everything that is and join the U.S.S.R., stock, lock and barrel. Then we will become part of a great power; we will enhance that power. We can spill ourselves over the great steppes of Russia, our mother, who will show those of us who remain here how to establish a new social order on the ruins of the old."

There is a small upper class in Yugoslavia which, of course, is in favor of the present situation. It includes high government officials and army officers, bankers and big business men, most of them newly rich, all of them direct or indirect beneficiaries of the "friendship" of Western powers. They are surrounded by minor political, military and financial factotums, to whose personal advantage it is to support the powerful. These together, forming no more than 3 or 4 per cent of the population, constitute the strength behind King Alexander's dictatorship, which—like the dictatorships in most of the other Balkan and East-European lands (now including Austria)—was necessary to combat the growing radicalization and the personal and patriotic desperation of both rural and urban masses.

These supporters of the Yugoslav dictatorship are the counterpart of ruling groups in other Balkan countries. They employ the same methods—terror and corruption. Their aims are the same. They serve the same foreign mas-

ters, except that Bulgaria, Albania and (to some extent) Hungary are afflicted with the "friendship" of Fascist Italy instead of that of France and Britain. Since in these countries the upper and middle classes and the kulak peasants form altogether less than 10 per cent of the population, the Balkans and East European Fascists can never develop any sort of mass movement like Hitler's or even Mussolini's. In Yugoslavia fascism has a meager appeal even to the petty bourgeoisie. But with their well-organized terror machines and terror-disciplined armies, equipped with money lent to them by foreign powers, such men as Alexander and Pilsudski and their camarillas are exceedingly powerful and hard to overthrow despite the lack of general support. Their power and position will be in danger as soon as the present world crisis, of which Hitlerism, the recent French and Austrian upheavals and the explosive Far Eastern situation are mere symptoms, comes to a head in the inevitable next world war.

In Yugoslavia I asked peasants and city people: What about the next war? What will you do if, or, rather, when it comes? Not a few answered that they wished the war would come. It would be the end of everything that is. Revolution, chaos, then the new order. Others answered that all will depend on whom King Alexander will command them to fight. Many said they would be willing to fight against Italy or Germany, but not under any circumstances against the U.S.S.R. Remarks to that effect came to me even from Yugoslav army officers.

There is a story told in Yugoslavia which probably is not true, but it is none the less significant because it is told. It seems that the French General Staff, which has much to say in Belgrade, ordered a Yugoslav General, who is a Serb but looks like a Frenchman and speaks perfect French, to go upon a secret intelligence mission to Russia on a French passport. He was in Moscow several weeks, looking things over, when one day a Russian stopped him and said, "Good morning, General ———" (calling him by his right name). The spy paled, thinking that his game was up. But the Ogpu man smiled and said, "Don't worry, General. We knew you were coming before you left Belgrade. We have been watching you all this time. We know you haven't seen anything of importance. You may stay here as long as you like, or your superiors wish you to stay. We're not worried. We know that the Yugoslavs, like the Bulgars, will never fire a shot against the Red army no matter how often the French General Staff or King Alexander commands them to fight the Soviet Union. General, my humble bow."

Early in 1933, I remember, an official of the French legation in Belgrade dashed about Yugoslavia to determine if it was true, as was rumored, that the Yugoslav masses, especially the Croats and Slovenes, would not fight in a war supporting France, if it broke out (which then seemed imminent). Since then, it appears, France has discovered the truth of the rumor, and the bitter fact that she has helped Alexander to build up an immense war machine, capable of expanding to 2,500,000 men in a week, which is actually dangerous to the interests of France. The result is that for nearly a year now Alexander's terror régime has not received a centime of financial support from France or Great Britain. As for Bulgaria and Albania, Mussolini has discovered that they are as "ungrateful" to him as Yugoslavia is to France. France, moreover, has serious misgivings about the loyalty of Rumania and Poland. Czechoslovakia,

where industrialism and the bourgeoisie are better developed, is the most dependable member of the Little Entente.

In short, the powers are slowly dropping as a bad investment almost the whole of the Balkans and Eastern Europe, into which they had poured hundreds of millions of dollars in the form of armaments and real cash to help maintain the local terror machines. Only the industrial adventures are continued, for the reason that there seems to be no safer place to take them.

The various dictators, of course, realize what is happening. Consequently during the last few months we have witnessed royal visits back and forth in the Balkans. Alexander visited Kemal Pasha, Carol and Boris; then Boris went to Belgrade and there was a brilliant public reception at the depot; then Boris and Carol met on a yacht on the Danube; and so on. The superficial press reports described this love-making as great statesmanship on the part of Alexander, who was given most credit for this sudden display of friendship. Actually, the whole thing was a matter of great desperation on the part of these rulers, especially Alexander, whose régime is the most brutal and hence the most hated by the masses. Since the great powers were palpably deserting the Balkan rulers, it was urgent for them to get together, for they know that if one is overthrown or assassinated, the others will go, too. Hence the hastily concluded treaties of friendship among the governments of the various Balkan States. Hence the utter ineffectiveness in late months of the Little Entente. Hence the strong response of the Rumanian and Hungarian ruling classes to Hitler. Hence, too, Pilsudski's recent conclusion of a non-aggression pact with Hitler—a direct slap at France and Great Britain.

In a word, the Balkans and Eastern Europe will bear watching, for though they are still kept tightly under the lid by the present dictators, an accumulated pressure may eventually blow the lid high into the air.

Frenchmen Who Want a King

By CHARLOTTE T. MURET*

SOME months ago listening Parisians heard the deep voice of the Grand Bourdon, the largest bell in the peals of Nôtre Dame. The Grand Bourdon, seldom rung, was announcing the birth of a Prince of the House of France, grandson of the Duc de Guise, pretender to the throne. Few of those who heard the sound of the great bell can have imagined that shots would ever again be fired in the streets of Paris to the cry of *"Vive le Roi!"*

Most Americans have been surprised to learn of the existence of a French Royalist party strong enough even to make itself heard. How is it that the idea of monarchy, which seems to us only a picturesque anachronism, has revived in France? As a matter of fact, it never completely disappeared.

Only sixty years ago, in 1874, France was on the point of restoring the old monarchy. The National Assembly elected after the Franco-Prussian War had a Royalist majority, and was prepared to bestow the crown on the legitimist pretender of the day, the Comte de Chambord. Henri V, as he was called, was one of history's strange and dramatic figures; no man ever came nearer to a throne only to lose it by his own act. Reared in the stern tradition of authority and reaction, he refused to abandon the White Flag of his ancestors in favor of the Tricolor, which, although dear to France, was for him irrevocably associated with the Revolution. His refusal alienated the majority of the National Assembly, and led to the proclamation of the Republic as "the government which divides us least." By the end of the nineteenth century the Royalists were reduced to a scattered handful of personal followers of the Royal House.

The Royalists who are so active today are not descended directly from the earlier group, for the founders of the Action Française, as the Royalist party is called, were for the most part Royalists by neither birth nor tradition and were looked upon askance by the men of the old school. The new supporters of monarchy prided themselves on being political realists. They demanded a king not on sentimental grounds but for the sake of what they claimed to be the national need.

The party, which originated during the famous Dreyfus case, represented one of the two points of view that persist in France. The one is traditionalist and Catholic in its philosophy; conservative, authoritarian and nationalistic in its political and social aims. The other, which came to power with the great Revolution, is democratic, equalitarian, anti-clerical and inclined to internationalism. Under various names and circumstances these two philosophies repeatedly struggled for supremacy in France during the nineteenth century until the Dreyfus case split the nation into two camps. The democratic party triumphed and

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proceeded to disestablish the Church and to reduce the army.

Among the anti-Dreyfusards were some who were not content merely to attack the republican Ministers, but went on to condemn the régime itself. These men formed the nucleus of the Royalist party of today. It was they who founded a newspaper called the *Action Française* to carry on their propaganda.

How is it that the party is still in existence and noisily active, both in print and on the streets? In the first place, the leaders of the Action Française are men of unusual ability. Charles Maurras, the philosopher of the party, is one of the finest living masters of French prose. A Provençal, entirely Latin by race and tradition, he has the Latin passion for clarity and logic and combines an artistic and aristocratic temperament with fearlessness and aggressiveness. His dark, keen face, his piercing eyes, his look of perpetual harassed eagerness and quick, nervous movements betray the fanatic and the fighter. Because he is almost totally deaf he lives in a world apart, unaware of much that concerns him, for who will shout unpleasant things within an inch of a man's ear? Yet within his ivory tower, above the whispers of common life, his spirit burns with an almost superhuman fire.

Léon Daudet, the pamphleteer, is the son of the famous novelist. A bull-like man, powerfully built and corpulent, he gives an impression of tremendous vitality. The thunder of his stentorian voice could be heard even above the wildest tumults of the Chamber of Deputies. His vast culture and erudition, as well as his versatility as a writer—in addition to his political works he is the author of many novels and memoirs—bear this out. He is perhaps the best hated man in France today, and one of the most feared, for he is a past master of invective and wields a vitriolic pen. Since in France ridicule can kill a career, Daudet's wit, often ribald and gross, but unforgetably amusing, has demolished more than one of the solemn figures of the Third Republic. Many Frenchmen read the *Action Française* merely for the cruel pleasure of seeing their friends succumb to Daudet's irresistible mockery.

Jacques Bainville, the historian of the party, is the author of a brilliant and original life of Napoleon and a remarkable history of France. His figure is youthful despite a shock of gray hair, and his eyes are large and deep. His taciturn and somewhat enigmatic personality always suggests melancholy. But of these three men his outlook is the sanest. Maurras and Daudet are in a measure fanatics, whereas Bainville, who is above all a historian, has a wider perspective. He believes in royalism; indeed, his books furnish it with historical arguments, but he advocates it with greater moderation and fewer illusions than his colleagues.

These men are sincerely attached to royalist ideas. With their marked talents, they might well have obtained power and fame in other fields; yet they have for years devoted their energies to a cause which seems hopeless. Curiously enough these advocates of authority and violence are theorists, not men of action. Not one of them has even the potentialities of a great political leader. Nevertheless, their authority and talent have given the Action Française an intellectual influence out of all proportion to its size and strength as a party. They have furnished it with a well-formulated body of doctrine, an advantage in a country where ideas are respected and sometimes arouse ardent enthu-

siasm. In this the Action Française differs from all other French parties except the Communists, since the various republican groups have been content to subsist on the general democratic tradition and have evolved no new philosophy. The basis of their program has been anti-clericalism rather than social or economic reform.

The Royalists, moreover, believe in the sacredness of property and of the family, in the value of religion and in the need of a social hierarchy. Hence they appeal to many moderate people, who feel that these things are imperiled by the present régime. One often hears men ridicule the aims of the Action Française, or condemn its methods, yet end their diatribe by remarking with a certain satisfaction: "But, after all, they do defend our interests!"

The Royalist criticism of democracy for its inefficiency and want of foresight also evokes sympathy in many quarters. When it is asserted that a government dependent on the popular will dares look no further ahead than do its short-sighted electors, and that the representatives of the people spend one year in thinking of the nation and three in considering their own re-election, many Frenchmen agree. In demanding that Parliament, which is the battlefield of parties, be replaced by a permanent authority which would be free to look to the common good because it would be independent of the vagaries of opinion, the Royalists appeal to a public increasingly discouraged and disillusioned by the results of democracy.

The Action Française, moreover, has made itself the spokesman of a chauvinistic nationalism, which always finds some support in a country that feels perpetually menaced by foreign foes. In particular such doctrines command the silent sympathy of many army officers. Though the French soldier has no vote and is forbidden to have political opinions, men of action who give their lives to the ill-paid service of their country and who are trained in discipline and obedience are apt to be impatient with endless parliamentary debates, and to long for an authority which can and will command. Although the ardent patriotism of the Action Française during the war sometimes rose almost to frenzy, it was so sincere and so often justified in its alarms and warnings that it gained respect even from the government.

Royalist doctrines resemble those of Italian fascism; indeed, the Action Française formulated all the ideas of that movement twenty years before the advent of the Black Shirts. Like the Fascists, the Royalists believe in the totalitarian State and in the sacrifice of the individual to the community. They tend to worship the State as the supreme expression of the nation, and are eager to personify both in one man. Maurras, the Royalist philosopher, speaks of the State almost as of a divine super-entity.

The Royalists are anti-equalitarian; they believe in leadership, in a hierarchy of power, based on an élite. They demand unity of thought and culture in the nation, and condemn tolerance as incompatible with that ideal. Those who do not share in the national culture must be excluded from the national body. Thus the Royalists are strongly anti-Semitic. In the economic field they would reorganize industry on the corporative plan, working along the lines laid down by a former Royalist, La Tour du Pin, who formulated the ideas of professional representation and industrial guilds long before the advent of the Italian corporative State.

Unquestionably these ideas have enabled the Action Française to enroll groups of young men in the organization known as the Camelots du Roi. These groups are largely recruited from the schools and universities and are trained along military lines. The Camelots are not numerous, but they are resolute and eager. For years they have been exchanging blows with the police whenever opportunity offered, and they are always ready to create such occasions. A wreath placed awry on the statue of Jeanne d'Arc has often seemed sufficient!

Why does royalism appeal to youth? In the first place, it offers a program of action to boys who nowadays too often see no definite future before them, at the same time that it fills them with a sense of being part of something larger than themselves. In return it demands of them the efforts and sacrifices which their youthful idealism is often eager to make. But the Royalists have other attractions. In France, even more than elsewhere, each generation rebels against the philosophy of its predecessor. Not to think as do their parents and professors is essential to many young men. The generation which is now in power is attached to a republican, anti-clerical tradition which still seemed advanced at the beginning of the century. Its sons, therefore, are quite apt to be attracted to ideas which respect religion and authority.

Youthful enthusiasm is most readily aroused by the novel and emotionally stimulating. Equal suffrage and universal education have lost much of their glamour now that they have become realities. Nor have they inaugurated the social millennium, as their fervent advocates once expected. The Republic, after sixty years of life, although it may be satisfactory to most people, is no longer thrilling to the young. This feeling of disillusionment was expressed in a celebrated cartoon which showed the Republic as a rather blowsy and bedraggled Marianne, with the ironic caption: "To think that she was so beautiful under the Empire!"

It must not be forgotten that in royalism, as in fascism, there is an element of the picturesque, an opportunity for ritual and parade which appeal to youth. The Royalists do not want to be considered as romantic, but the vision of a king on a white horse surrounded by a group of loyal retainers in brilliant uniforms is rather seductive.

Most important of all, however, is the association of the Action Française with nationalism. Today the worship of the nation as a sort of prolongation of their own ego and of all that they love best—their homes, their habits, their ideas—has become for many men the only living cult. Particularly is this true of the French, who have long had a keen sense of the value of their own culture. To identify royalism with nationalism was a stroke of genius on the part of Charles Maurras.

Recent events have played into the hands of the extremists. France has grave problems to face today, both within and without. Her economic position is serious, and her currency is menaced. Inflation affords a fearful prospect to a country which has lived through it once, and where, moreover, nearly everybody has some small assets which are likely to be injured by unsound money. Abroad the growth of German power and the threatened collapse of Austria worry France, demanding a decisive attitude on the part of her government.

In the face of these facts the impotent struggles of the French Parliament and the corruption of some of

the politicians have caused growing anger and disgust. The two-party system as it has existed in Great Britain and America has never developed in France. The various parliamentary groups represent no fundamentally different philosophies, as did the Liberals and the Conservatives in England. Only in times of crisis can they put aside their bickerings for the sake of accomplishment; during the past year they have been unable or unwilling to do so.

Then there are certain defects in the present French Constitution. Under the Second Republic the Presidency proved to be a stepping-stone to power; the Third Republic therefore weakened the Executive as much as possible. The President of the French Republic is not elected by the people, but by the two chambers, and the Presidential prerogative of dissolving the chambers has not been used since 1877. As a result the lower chamber has an undue share of power, the Deputies being virtually masters of France. These facts had something to do with the unrest and riots which led to the resignation of the Daladier Ministry.

The situation being what it is in France, it is astonishing that royalism has not made greater progress. Actually, the Royalists have been hindered by their advocacy of a king. At present even authoritarian governments are creatures of opinion. Though they possess almost absolute power, they hold it by virtue of the general will, and should their prestige be undermined they could scarcely continue to exist. They are really democratic absolutisms, such as Caesar set up in Rome and Napoleon in France.

The leader of these movements must win the support of the masses, even as must the Deputies and Senators in a representative government. He is not likely to be a man of the Right, much less an hereditary monarch, but rather one who, like Mussolini, has had to fight his way to the top, whose personality has been both tempered and enhanced by the struggle, but who can still speak the language of the people. "Jean III," better known as the Duc de Guise, for whom the Royalists are clamoring, is not a man of this type. He is handsome, dignified and well bred, but he has always held himself aloof from public affairs and he would hardly arouse the enthusiasm of the populace.

Besides, the Royalist tradition, to which Maurras and Daudet so often appeal, is of doubtful value to the party. No one can tell exactly how much Royalist sentiment still lingers in France. No doubt in certain provinces, in parts of Brittany, and in Vendée, the old stronghold of reaction, traces of it can be found, as André Siegfried pointed out in his book on the French electorate. Many people still attend every year the solemn mass which is sung at the Expiatory Chapel for the souls of Louis XVI and Marie Antoinette on the anniversary of the King's death. Young girls from every part of France embroidered with their own hands a magnificent layette for the son of the Comte de Paris, and a bevy of them went to Sicily to offer homage, as well as the result of their labors, to the young Prince. Most significant of all, money has always been forthcoming to meet the needs of the Action Française. But this Royalist sentiment, touching as it is, is limited to a few, and the word "king" alienates many others.

The Revolution not only established civil equality in France; it also gave the land to the peasants. To them,

therefore, as well as to the industrial workers, all that savors of the old order seems dangerous. Advocacy of royalism has cut the Action Française off from other nationalistic groups, and so has prevented it from becoming the nucleus of a wider movement. In addition, because the party is on bad terms with the Vatican, many of the Catholics who would have been valuable supporters are hostile.

Since France is still largely a nation of peasant proprietors and small capitalists, her social structure is relatively solid. The temper of the people is, on the whole, moderate, and Frenchmen are highly critical in the domain of ideas. They may be swept off their feet by a burst of enthusiasm, but governments thus established do not last long. Finally, the economic crisis came late to France. It has not yet dispossessed the middle class, nor has it yet led to the disorder, the violence and the class warfare which make authoritarian rule seem a blessing.

While the Royalists have not succeeded in restoring the monarchy, they can console themselves with the fact that the movement of which they are the advance guard did force political changes in France. The "little revolution" in February, 1934, scattered the pack of political cards which changing Ministries often shuffled but never replaced. The resignation of two successive Cabinets, which had received votes of confidence from the Chamber, and the creation of a government whose chief and several of whose members are not even in Parliament is an important event in French politics. France has at last obtained through direct action the government of national concentration for which she had been waiting a year.

Will the Royalists prove to have involuntarily helped the republic by warning her to set her house in order and mend her ways? Will they, on the contrary, by discrediting the parliamentary régime and resorting to direct action, prove to have inaugurated an era of violence from which the men of the Left may profit rather than themselves? The coming year will show. In the meantime the cry "Long Live the King!" has yielded to that of "Long Live France!"

The American Indian's Revenge

By Oliver La Farge*

THERE is a new development in the Indian Country just now, a development as important as the disappearance of the buffalo or the Ghost Dance rebellion, and far more unexpected. Indians dressed in formal morning clothes, their pince-nez and brief cases indicating all the formality of the trained lawyer, long-haired Indians, their braids dressed with otter fur, the long fringes swinging from the sleeves of their buckskin shirts as their dark hands gesticulate in graphic motions reminiscent of the sign language, are discussing a program of Federal legislation. This program, and specifically the Wheeler-Howard bill "for the readjustment of Indian Affairs," has been put up to the tribes by the Roosevelt administration with the promise that its passage will not be pushed unless they approve it.

This seeking of the Indians' consent is a miracle in itself. Almost equally miraculous to one who has sat in on their councils is to hear the interpreters set forth legal terms and involved clauses in sonorous Navajo or the clanging Siouan languages of the Plains tribes, and to note the intensity and good sense with which old, "savage" warriors as well as younger, educated men discuss the measure.

What is the bill which arouses such excitement among 300,000 tribesmen? What is the answer to their comment and query: "In the past you have told us of many measures for our benefit, and all have turned out to be devices for robbing us; why should we believe that this is not the same?"

The answer contains in itself also a summation of the government's intention, which affects white men only slightly less than it does Indians. For the first few hundred years of our occupation of this continent, we simply cleared the Indians out of our way. Then, as the Indians began to be crowded together in the West, we set aside reservations upon which we placed them, so that by 1871 they were almost all so settled, their lands and future existence guaranteed to them by solemn treaties "as long as the grass shall grow and water run." Not content with taking the whole United States from them by purchase and by open warfare, however, we then developed the allotment system, by means of which we could legally steal the remainder, and in the past sixty years have actually robbed them of two-thirds of their reservation lands—108,000,000 acres.

Today we are land-poor. The amount of our extra theft from the Indians just about equals the area which Department of Agriculture experts say must be retired from competitive farming. Our own greed is choking us. Today, also, we recognize as never before that paupers, devoid of the means of subsistence, are a drain upon us all. The importance of making all men self-supporting has become axiomatic. But by theft of land,

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maladministration, wanton and deliberate destruction of initiative and capacity for administration of their own affairs, we have produced already about 100,000 landless, homeless and hopeless Indian paupers; as many more cling to worthless remnants of unusable land, and the whole population of 300,000 Indians, with few exceptions under our present system, are threatening to become charges on the State and nation. As they become poorer and more wretched, the cost of maintaining them mounts steadily by millions of dollars. The nation as a whole pays through the nose for every injustice to a conquered people, while a small group of whites adjacent to the Indians makes a profit, so that to some degree the Indians have become the indirect channel for a very expensive handout by the whole nation to a favored few.

A ruinous excess of land, a mounting cost of maintenance, the pouring into our population of a broken and hopeless people—thus at long last the Indian begins to strike back. Our government, primarily engaged at present in making war on poverty, has of necessity become clearly aware of this situation, and so for once our own interest has created an opportunity for the friends of the Indian—among whom must emphatically be included John Collier, the present Commissioner of Indian Affairs, and the Secretary of the Interior—to get something done.

There is, literally as well as figuratively, a lot of ground to be covered. As has been said, the Indians were nearly all on reservations in 1871. They had then 155,000,000 acres, some of it pretty poor land, but by and large offering an adequate means of subsistence until they could become competent to make their way as independent citizens within our nation. All this land was "restricted," which is to say, tax exempt and inalienable. The Indians themselves were all wards of the government.

Some of the hunting tribes, then and later, had to be fed on rations when the game disappeared, but the example of so extremely "savage" a group as the Apaches proved that when rightly handled they could readily learn to support themselves by farming and herding. The hunting tribes were capable of becoming what the majority of Indians already were—excellent subsistence farmers, able to make a living upon those "sub-marginal lands" of which we now wish to rid ourselves. All that was needed at that time was an intelligent system of education, by which they could learn slowly, under Federal protection, to handle the complications of our civilization and to guard themselves against our business ethics—that, patiently developed, and a little good faith on our part.

Neither was forthcoming. Our program of education for Indians, somewhat ameliorated in recent years, suggests to investigators that the children are being given a term of years in the reformatory for the crime of being born brown instead of pink. Dotheboys Hall would be a high-class academy in comparison. Between the schools, and our policy of arbitrary paternalism in dealing with the adults, we have wrecked all established systems of self-government and pushed the tribes steadily into dependence, helplessness and low standards.

Meantime, the empty country was filling up and the clamor for land continued among the whites. This was a period when we were all blissfully convinced that nothing was wrong with our civilization or our economic system, and that the greatest boon we could bestow upon an alien people was to make them just like ourselves. Our

Indian schools existed then, and to a lesser degree still exist today, for the purpose of stamping out of the children all memory of, or respect for, anything Indian. In the Eighteen Eighties various well-wishers, following a similar line of thought, evolved the quaint theory that if an Indian were settled upon 160 acres of land, allotted to him in severalty, that he would shortly acquire our acquisitiveness and general outlook on life, and in a short time—estimated generally at twenty-five years—become civilized. This theory suited the land sharks to perfection, and so the Indians' enemies and friends united to pass the allotment act of 1887, which was followed by other laws to speed up the process.

Before that act we had got hold of 20,000,000 acres of reservation land by persuading tribes to cede it, but that game was playing out. Now we put the population of as many tribes as possible on allotments of 160 acres per head. When this was done, there was generally from a few thousand to several million acres of reservation land left over. A fragment of this might be kept as tribal land, but the greater part was called "surplus" and thrown open to white settlement. The Indians were paid $1.25 an acre, cash in hand, to spend in a brief orgy of prosperity and, usually, drunkenness. No provision whatsoever was made for future generations; no consideration was given to the unsuitability of thus breaking up timber or grazing land. By this method we secured some 40,000,000 acres in thirteen years. In the twenty-nine years from 1871 to 1900, we succeeded in taking from the Indians a total of 60,000,000 acres of the narrow landholdings we had guaranteed to them forever.

About 1900, when the "surplus land" racket was exhausted, we started on the "liberation" of Indians. Under this system an Indian would be declared "competent," that is, no longer a ward, either out of hand or at the end of a period varying from five to twenty-five years, and would receive his land in fee patent, taxable, alienable, losable. Boundaries meant little to the average Indian, accustomed as he was to communal ownership of land and natural resources. He was vague about the difference between a friend's land and his own, or between Indian land and vacant public domain.

Nor had he much experience of money; a small sum seemed incalculable riches to a man who, perhaps, had never seen so much as twenty dollars at one time. So he would sell readily, and, after an orgy of spending, settle down as a squatter where he could, penniless and equipped with a lot of new vices. On the heels of those who wanted to buy land came hordes of the worst of our population to teach the Indian how to spend, and these in turn, anxious to see the Indians spending, would develop pressure upon the landholder to sell. Drinks, threats, every imaginable trick was used to separate the Indian from what he had.

At a recent council meeting, a Chippewa youth summed up the process briefly and effectively. "Somebody talked me into selling my allotment," he said. "I did, and for the money I got me a car. And I got some liquor. And I was driving pretty fast, and I smashed up the car. Now all I got is the pants I stand up in."

If the restrictions—Federal wardship—have not been removed, or the Indian manages to hang on to his land, he finds himself in time surrounded by white owners. If he be in a timber or cattle country, his small allotment is worthless by itself, and there is nothing for him to do but lease it for

what he can get—a mere pittance—and live miserably upon that income. When he dies, the sharks will get his land, for under our present law it is usually compulsory to sell the "heirship lands," regardless of the condition of the market, and divide the proceeds among the heirs, who then arrive quickly at destitution. At the present date, 7,023,237 acres—what one might call "a year's crop"—of such heirship lands are liable to immediate loss, protected for the moment by a temporary order of the Secretary of the Interior.

In addition to the present heirship lands, the Indians have lost some 30,000,000 acres of land through "liberation" since 1900, the bulk of it since 1911, when the system really began to work. This is at the rate of about 1,300,000 acres a year—fast work, since the robbery in these cases had to be done piecemeal. Of the 155,000,000 acres we allowed the Indians to retain some sixty years ago, they now have about 47.000,000, most of which can be stripped from them by an aggressive Secretary of the Interior; much of which, under our present law, is already doomed. No tribes today are well off, and the most fortunate are those few, mostly in the Southwest, whose land has not been allotted.

I say no tribes are well off. In that connection let us get rid of the myth of "rich Indians." Vast sums of money have been credited to Indian tribes, from the sale of land, timber and oil royalties and other sources. Almost all this money must be regarded as capital, since it had been received in return for capital assets. Some of it was paid in cash to individual Indians, to spend as they pleased. Much of it, millions of dollars per annum, has been spent in maintenance of the Indian Bureau. In other cases, the construction of bridges and roads of value to neighboring white communities has been charged to the tribes.

Today there are less than 2,000 "rich" Indians, mostly Osages, in Oklahoma, and their revenue and capital are dwindling. By giving them the money almost as fast as it came in, and turning them over to the guardianship of local white attorneys, the authorities permitted a disgraceful situation to develop. The insane expenditures made by the Osages under this guardianship have become proverbial. Fantastic prices, split between the guardian and the dealer, characterize purchases. It is significant that in many local courts, if an Osage gets drunk, he is given a stiff fine, but almost never jailed. This was once one of the finest tribes in the United States; today it is estimated to be about 70 per cent dipsomaniac, and the incidence of venereal disease is so high that in a generation or two, it is calculated, the great majority of its descendants will be in insane asylums or hospitals.

The rights and wrongs of our Indian system can be brought home by comparing two great groups of Indians, the Five Civilized Tribes of Oklahoma and the Navajos of the Southwest. The former consist of the Cherokees, Choctaws, Seminoles, Creeks and Chickasaws, all of whom were ruthlessly driven from eastern homelands and settled in Oklahoma, to own their own territory inviolate forever. Having started civilizing themselves before they were uprooted, and being well away from white men, these five tribes developed until in 1900 they had been for generations self-supporting, running their own Legislature, courts and government, abiding by their own Constitution, maintaining their own schools at a cost of $400,000 a year. At that time they owned 17,000,000 acres of land and were fairly well off,

as may be seen from their school expenditures. Unhappily, having developed their civilization in solitude, they had not learned to deal with the white man's business and legal trickery.

Under pressure from the whites who had settled in increasing numbers within and around the Indian Territory, Congress passed a series of laws, culminating in the "Crime of 1908," by which these Indians were given, willy-nilly, the full benefit of the allotment system and in addition were deprived of Federal guardianship and put under the local courts. In 1908 101,000 allottees held 15,000,000 acres of land. Today, 12,000 are clinging to 1,500,000 acres, mostly not worth stealing; 72,000 survivors are homeless and destitute. At the present rate, less than 2,000 will still have any land by 1940. A great nation has been ruined, and a beautiful example of the Indian's ability to advance himself along the lines of the best in our civilization has been disregarded.

While the Five Tribes were building schools and publishing newspapers, whites and Indians alike were waging desperate war against the wild Navajos. Finally conquered and set upon their reservation in 1869, they numbered about 12,000 souls—"blanket Indians." A good 50 per cent of them are illiterate and non-English speaking today. Their desert home is so poor and so remote that there has never been a concerted attempt to steal any large part of it; instead, it has been possible for them to be given additional lands, until now they have almost enough for their population. There has been no serious attempt, so far, to allot them. Owning their territory in common, a method which Indians understand and administer excellently, and under full Federal guardianship, they had increased to 40,000 in 1932. Last year they sent 72,000 surplus sheep to feed the starving allotted Indians.

Their Tribal Council, first under the initiative of Special Commissioner Hagerman, then under Commissioner Rhoads and Mr. Collier, the present Commissioner, is developing by trial and error into a body capable of negotiating timber leases and handling such difficult problems as range control and road programs. If these people remain unallotted, and are allowed to continue developing discretion and administrative ability under Federal guardianship, in a generation or two they will be able to stand on their own feet; they will come into our national structure bringing with them the enrichment of their special gifts and qualities. But a little land hunger, an acquiescent administration in Washington, could pitch them into beggary and wretchedness along with the rest.

Unfortunately, the Indians do not solve the Indian problem for us by becoming extinct. Instead, turned loose and penniless, they drift into the lowest levels of our population via a short period of ready money, drunkenness and vice, or congregate in rural slums like some of those now extant among the Five Tribes—twelve individuals in one hut on a corner of land, earning $3.50 a week cutting railroad ties, and paying $1.25 of that to have the ties hauled to where they can sell them. The effect of such communities upon the surrounding white population is baneful, another element in the Indians' belated revenge.

What can be done about this? The Wheeler-Howard Bill, with its corollary, the Five Tribes Bill, to bring those Indians back into Federal protection, is the answer. This measure puts an end to the allotment system forever. It provides safety for Indian

land and Indian capital, the means of recapturing lost land for the destitute and of grouping remaining allotments into economically workable areas. From our white point of view, it means taking a large number of *dependent people* and making them self-supporting, with an increased area of land devoted largely to non-competitive subsistence farming. Further, it provides for the first intelligent system of Indian education that has ever been offered, partly by the practical method of guaranteeing to all tribes the ability to learn to run their *own affairs*, under Federal guidance, which the Navajos have recently been enjoying as a special favor. Incidentally, it means an immediate saving to taxpayers of a million or more dollars per annum in needless paternalistic outlay.

It is upon this matter that the tribes are debating and voting as these words are written. All of them who understand it, and are not misled by the white opposition, will ask for its passage. But white opposition may choke it off. The interests who lease Indian land under grotesquely favorable conditions, those who despite our national indigestion from over-consumption of land still have stomach for more, those who hope to get their hands upon Indian funds, are organizing now to fight the measure.

For the first time in many years, all important organizations interested in Indian welfare are agreed in backing this program, standing united with the Indians themselves and with the present administration. Against them, very powerful, are those whose direct personal interest leads them to be willing that we should inject into our national bloodstream 300,000 paupers. Congress will have to decide whether the Indians shall receive justice at last—or be left to continue in wretchedness their long, slow revenge.

What Is the Army Worth?

By ELBRIDGE COLBY
Captain, United States Army

WHAT is the army of any nation worth? The answer depends on many things. One must consider not only an army's strength but also its character, its value in comparison with other armies and its relationship to the population from which it is drawn and whose interests it serves. One must know besides what is the foreign policy of the nation behind the army and how that nation regards the use of armed force for the attainment of national aims.

While it is not difficult to determine the foreign policy of a State, military policy is another matter. We never quite know whether statesmen at international conferences are merely discussing moral issues or really intending to enforce State policies at the point of the bayonet. Finally, a nation's plans for the use of its manpower and resources in time of war are never publicly stated, but may only be inferred from details known as to the strength, distribution and character of the armed forces. Nevertheless, foreign policy and military policy are, and must be in close accord.

Though a large, wealthy nation can afford a great and expensive army, a small nation may discover that it cannot stand the strain of supporting an extensive military establishment, unless it is to be used fairly soon for a pertinent purpose. Eventually the man who pays too much for burglar insurance goes bankrupt. But the gunman who intends to steal may well invest all he owns in hold-up weapons.

One other factor, since the beginning of the nineteenth century, has had to be considered in any analysis of military resources: the question of trained manpower. If a nation has compulsory military training, and calls up its discharged conscripts for periodic training, enrolling them in organizations that may be mobilized quickly, then the effective military strength of that nation is greater than the size of the standing army reveals. In the following table such nations are indicated by the letter "C":

NATION.	POPULATION	ACTIVE ARMY	PER 1,000 POPULATION	ARMY AND RESERVES	PER 1,000 POPULATION
The United States	124,746,573	135,015	1.06	445,453	3.57
The United Kingdom	46,109,000	445,041	9.65	1,140,987	24.74
France (C)	48,000,000	624,213	10.92	6,952,213	144.83
Italy (C)	44,566,968	460,539	10.33	6,345,539	144.63
Japan (C)	93,840,705	225,000	2.39	2,177,000	23.19
Russia (C)	165,700,000	841,400	5.07	16,004,000	96.58
Turkey (C)	13,660,276	133,000	9.80	665,800	48.74
Greece (C)	6,394,000	88,408	13.82	583,440	91.23
Yugoslavia (C)	14,300,000	136,199	9.59	1,689,723	118.16
Czechoslovakia (C)	14,916,000	158,000	10.59	1,647,000	110.42
Poland (C)	32,120,000	325,456	10.13	2,047,035	63.73
Germany	64,776,000	100,000	1.54	100,000	1.54
Austria	6,400,000	30,000	4.67	30,000	4.67
Bulgaria	6,000,000	20,000	3.33	20,000	3.33
Hungary	8,700,000	35,000	4.02	35,000	4.02

Most conspicuous, of course, is the relatively great armed strength of the nations on the Continent, both in actual figures and in the proportion of the population prepared for war. Except for the powers disarmed by the peace treaties, the nations with land frontiers are ever ready to mobilize standing armies and trained reserves for the defense of their threatened boundaries. The United States, which does not fall in that class, should be compared geographically with the island empires of Great Britain and Japan; all three, relatively remote from trouble, place their first line of defense, and much of their expenditures for armaments, in their navies.

Except for the disarmed powers, the United States and Great Britain alone forego compulsory military service. The reasons are various. Geographical isolation is important, though perhaps less than the deeply rooted Anglo-Saxon tradition of the use of militia for defense. Finally, the foreign policy of both countries has been one of peace. Great Britain, a nation of merchants, has always disliked war, which disrupts her trade.

Britain's active armed force, greater than that of the United States, can be explained by her proximity to the cockpits of Europe. But there is another reason. Time and again England has been obliged to undertake a "small war." Her commitments in colonies teeming with potentially dangerous natives, in mandates and protectorates, require a larger force than the United States needs to keep the peace in Hawaii, Alaska, Puerto Rico and the Philippines.

The United States, with the exception of Greece, Turkey, Yugoslavia and Czechoslovakia, and of the disarmed powers, has the smallest standing army of any of those listed. In Yugoslavia and Czechoslovakia, however, more than 10 per cent of the population is organized for war.

Two other countries must be considered: Japan and Soviet Russia. The latter, close to the danger spots of Europe, has nearly double the manpower of the former, and a far higher proportion of the population is involved in the war machine. In both Japan and Russia, compulsory military service is utilized for nationalistic education. Both nations are being industrialized. Both are relatively free from the threat of immediate foreign invasion and are therefore not so thoroughly organized as are the European countries. In actual military strength for a national war, Japan is the weaker in the figures shown; yet these do not include the Japanese navy, and give no indication of the transport difficulties to be faced on sea or land by any nation likely to attack the Empire of the Rising Sun.

Even with the many qualifying factors set forth above, the United States could hardly be called overarmed. America's population, wealth and natural resources would permit the maintenance of a far larger and stronger army without any risk of national bankruptcy. The smallness of the United States Army becomes more apparent when the figure of 445,453 for "Army and Reserves" is scrutinized. This total includes the 5,028 enlisted reservists and 119,485 reserve officers. While the corresponding figure for other nations includes reserve officers and enlisted men, organized into effective units, capable of mobilization without substantial enlargement, the American figure stands principally for a skeleton organization, which in time of war would have to be filled up with raw recruits.

The American Organized Reserves bear the names and are established in the home localities of the famous World War divisions. But these are mere shadows of what they were. How soon they could be rendered fit for service, fully recruited and trained—in 90, 120, or 180 days—is debatable. Whether their training would require the World War average of six months in a local cantonment, two months more in the theatre of operations and one month in a quiet sector of the front, depends upon the efficiency of their peace-trained officers as compared with the work of the officers' training camp graduates of 1917. Whether in the war of the future they would be of any use at all, depends not only on the duration of that war but also on the ability of the Regular Army and the National Guard to hold the line of defense, especially if there should be no "associated powers" to do it for us as there were in 1917-1918. In any event, it is apparent that for the United States, the strength of "Army and Reserves" is not comparable to that of other nations.

That the army of the United States is not only a citizen army and a peacetime volunteer army but also conforms to the American habit of expanding for war and reducing in peace is indicated by the following table. Some idea is also given of the manner in which the C. M. T. C. and the R. O. T. C. have trained American youths for the responsibilities of those World War officers who are now passing beyond the years for vigorous military service:

Year	Regulars	National Guard	Organized Reserves
1913	93,035	120,802	.....
1918	715,423	434,409	1,059,361
1923	132,834	160,598	78,338
1928	134,505	176,988	120,016
1933	135,015	185,925	124,513

In this force the Regular Army provides, in the words of Elihu Root, "the mold of form and the guide of practice" for the whole. It is a highly educated army. Officers who hold the President's commission cannot expect to advance in pedestrian fashion and await the next war. Instead, they proceed from one service school to another, perfecting their knowledge and applying it in manoeuvres with actual troops. In 1917 there were many brigadiers with thirteen years of service; today thousands of lieutenants have had an equal length of service. When these officers are not perfecting their professional knowledge at schools or putting it into practice with troops, they serve as instructors with the National Guard and the Organized Reserves, or at colleges where military training is given. About 1,600 officers of the Regular Army are on this "civilian" duty, training young men for the reserve corps of the army. The Regular Army in addition provides garrisons for overseas possessions like Hawaii and the Philippines, as well as the Canal Zone.

In the United States proper the army has a strength of only 87,000, and of these only about 55,000 belong to combat units. The others are medical assistants, quartermaster clerks and so on. Since the Regular Army carries the overhead for the rest of the military forces, its strength as a fighting force, capable of immediate action, is materially reduced. Small wonder that the Chief of Staff, after pointing out that the army is trying to do the work originally planned for a force of 280,000, asked that, if even reasonable results were to be achieved, the army should be increased to 165,000 enlisted men and 14,000 officers.

Even such an army would be no threat to a foreign power. General Summerall, when Chief of Staff, did

not believe that the garrisons of Hawaii and the Philippines could hold these places against an invader—and the garrisons now have approximately the same strength as then. It is no secret that, if menaced from abroad, the defenses of the Panama Canal would require reinforcements. In other words, far from being an offensive threat, the standing army of the United States is hardly strong enough to fulfill the limited missions assigned to it.

Recently the organization of the army was altered. Four "field armies" were designated, with commanders on the spot to plan possible concentrations. Existing, scattered units are to be welded into an effective organization available at any moment for the defense of the nation's frontiers. In case of war the units of the Regular Army would move immediately to the threatened area and would be speedily reinforced by the National Guard. Behind this "holding force" the units of the Organized Reserves would be raised, equipped and trained.

In 1917 the army, with the regulars and the Guard, was able, as with the Civilian Conservation Corps in 1933, to enroll, organize, equip and move in three months approximately 300,000 men. Nevertheless it must be recalled that the organization of the CCC was accomplished by picked regular officers taken from their own units. The selection was so broad that in some instances every available man was taken. In the First Division, for example, 276 of the 403 officers were assigned to this duty. General MacArthur stated that the widespread use of regulars for CCC work brought regular army training in the United States "to a virtual standstill" and "almost destroyed the readiness of units for immediate and effective employment upon emergency duty."

The question immediately arises: If such an additional task "almost destroyed" the Regular Army units, how effective—even for defense—will the Regular Army be in an emergency involving a foreign enemy? During the early stages of mobilization it is calculated that, leaving out of consideration the National Guard, 80,000 officers would be required to handle the new troops. But there are only 12,000 officers in the Regular Army, 2,000 of whom are on foreign service. Thus 70,000 reserve officers would have to be used with the regulars in the initial stages, not with the reserve divisions which are scheduled for later mobilization. American mobilization would necessarily be slow, for present companies of seventy-five men would have to be brought up to 200 and seven reserve officers would have to be called up for each regular officer on the rolls. This characteristic of the United States Army is in striking contrast with the rapidly mobilizable armies of other nations.

Undoubtedly the army has suffered from the lean years of the Coolidge era, which was marked by rigorous cuts in appropriations. In fact, when submitting figures to the Bureau of the Budget under protest in 1923, Secretary of War Weeks declared that it must be clearly understood that the funds specified were not sufficient to maintain the existing military plant. As a result, buildings, roads, water systems and other installations at army posts were permitted to suffer in the interests of immediate economy, despite the obvious fact that this would result in accelerated deterioration and would involve increased expenses for repairs and replacements in years to come.

Equipment has suffered likewise from the policies of the economy years. To bring it up to date it is cal-

culated that the following sums of money would be needed:

Army housing	$135,000,000
Mechanization	23,000,000
General motorization	39,000,000
Anti-aircraft equipment	33,000,000
Artillery modernization	35,000,000
Aircraft	39,000,000

In aviation the United States Army compares very favorably with other nations. The Coast Artillery, the Field Artillery and even the Infantry have given a great deal of attention to the third dimension in war. Anti-aircraft firing is practiced regularly, while on manoeuvres and on the march, in bivouac and in camp, formations that offer unfavorable targets to enemy attack are constant subjects of study and experiment. Strong numerical aerial armament is a defensive as well as an offensive measure. In crowded Europe, with close frontiers, bombardment of cities and essential war industries may be expected, especially since Captain Liddell Hart and General J. F. C. Fuller have been advocating the use of large squadrons of airplanes as a means of speedily ending a war. At the same time strength in fighting planes is regarded as the best defense against an enemy's bombardment planes, while bombardment planes themselves will be very useful against an enemy who must come a long way by land or sea.

American aerial strength is great because of the energy of the War Department. In 1923 the United States was notoriously weak in the air, both in commercial and fighting planes. A special committee created by the general staff for studying American needs suggested a well-rounded program, and though the recommendations of that committee were not adopted because of President Coolidge's economy policy, they were not without effect. Then came the Mitchell furor with its attendant publicity. A special board headed by Dwight Morrow recommended in 1926 a five-year expansion program with the goal of 1,800 planes. Seven years later the general staff again took up the issue and a committee headed by Major Gen. Hugh A. Drum recommended a second five-year program, including the establishment of a mobile central unit of not more than 2,000 planes, in addition to those assigned to specific land units. This special force should be capable of concentration in four days in any threatened "field army" defensive area. The size of the air corps has thus grown from 8,524 in 1923 to 13,497 in 1933.

The army has been striving, once again in the face of reduced appropriations, for adequate motorization. Practically speaking, until recent years the army has been getting along with trucks belonging to World War days. Last November the Chief of Staff stated: "The total needs of the regular army for motorization purposes are 9,385 trucks and 279 tractors. For the National Guard aggregate requirements are about 19,500. Ever since the World War the American Army has not only failed to keep pace with trends toward increasing mobility in military forces but has actually retrogressed in this respect. Under the 1934 authorizations this deterioration will be accentuated." A year ago the army, limping about in rattling antiques, wept to see the thousands of new trucks purchased for the CCC.

Out of existing appropriations, however, the army has managed to squeeze enough funds to experiment with small motorized forces. Special units were first formed at Fort Meade and at Fort Eustis and motors have been substituted for mules in much of the army's transportation. A mechanized

"cavalry" regiment has been created which can fight from the vehicles, as distinguished from the tank which supports the infantry and the combat or armored car, which is a fighting unit in itself.

A motorized battery of artillery, hauling the 75s behind trucks and replacing the traditional caissons with trucks, operated at Fort Bragg, N. C., in 1932. In January, 1933, it went to Fort Ethan Allen, Vt., to test its equipment under conditions of extreme cold and then proceeded overland through the South and West to Fort Sill, Okla. Except at high speeds, this battery occupies less space on roads than a horse-drawn battery. It fires as accurately from pneumatic tires as the old type and costs less to equip. Moreover, when not working it has no voracious horses to eat up money in the form of oats and hay. In half the light artillery of the Regular Army and in all that of the National Guard horses are to be replaced immediately by these light motor trucks.

At the end of the World War the United States Army possessed 1,000 "light," or seven-ton tanks, and 100 "heavy," or forty-three-ton tanks. Though more than 90 per cent of these are still considered serviceable, their design is obsolete and their speed of four to five miles an hour does not meet the demand placed on tanks in modern warfare. Since 1920 the army has spent only $2,000,000 for experimentation with tanks, as compared with $23,000,000 spent by Great Britain in a single four-year period. The American tank force today consists of one tank regiment and one tank company. The regiment is equipped with tanks of the World War variety, but the company has an assortment of recent experimental types. We have seven medium-weight Christie tanks, fast and mobile, capable of quick and decisive action over ground of varying roughness; some of these are with the extra tank company and some with the mechanized cavalry regiment. In actual number the United States surpasses all other nations except France in these military machines. This relatively high position, however, is deceptive, for other nations are superior to the United States if modernity is the test. Moreover, foreign powers have experimented with tanks in extensive manoeuvres far more than we have.

For American factories to swing into quantity production of the latest type of tank, twelve months, it is estimated, would be required. The War Department, though anxious not to overarm in this branch, does desire to equip two infantry regiments and one cavalry brigade with modern machines and to stimulate a constant, though small, production in order to familiarize industrial concerns with their manufacture, thus shortening the lag which would now inevitably result if such concerns were suddenly required to produce in quantity. Such an attitude is typical of the War Department: have enough to equip necessary units, have the process well understood, so that the few existing units could withstand an invading foe until the country was on a war footing.

Although each field artillery regiment has special equipment and training for the repulse of aircraft attacks, the Coast Artillery is specially charged with anti-aircraft work in protecting important areas, as distinct from the protection of troops. For this purpose the Regular Army has four mobile anti-aircraft regiments; in addition, there are ten in the National Guard and thirty-four skeleton regiments (officers only) in the Organized Reserves. Equipped

with three-inch artillery guns and with large-calibre machine guns, these units are trained to detect with sound-ranging devices, to find with search-lights and to destroy any enemy planes which may make major attacks upon our cities or coastal defenses. Work of this nature is new for the army, having been developed intensively since the World War. But its importance has become obvious with the developments in military and naval aviation.

This brief survey of the United States Army should make it clear that its whole purpose is defensive. The Kellogg-Briand treaties make it doubtful whether any nation in the future will risk the condemnation of the League of Nations and of the world at large by declaring war. Instead a nation is more likely to move suddenly, excusing its action by pointing to the need of self-defense. Perhaps such movements would never be acknowledged as acts of war. With hostilities beginning in this way instead of under the old rule of negotiation, ultimatum and declaration, each country needs sufficient first-line defensive forces to hold back any foe while the nation mobilizes its manpower.

The American Army, by organizing its new "field armies," by its efforts toward perfecting the National Guard, by its work in training citizens as reserve officers and designating their assignments in case of war, by striving in the field of aviation, tanks and motorized troop movements to keep abreast of the times with its small standing force, does fulfill—so far as its financial support and numerical strength permit—its purpose by preparing for the defense of the nation and for defense alone. But the question naturally arises: Is not the American Army, in trying to handle so big a task with so small a force, attempting the impossible? Mobilization of civilians might demand so much of the army's strength that it would be unable to perform its primary purpose of bearing the brunt of the first attacks. To that question, however, the answer must be reserved.

New Pathways of the Air

By THURSTON MACAULEY*

AVIATION today stands at the threshold of a new era of expansion. In the thirty years since the Wright brothers on Dec. 17, 1903, made their famous flight at Kitty Hawk, N. C., flying has grown from a novelty into an industry. The first decade was like the first years of a person's life—largely experimental, learning first to crawl, then to walk and otherwise express one's self. But the second, with the World War as the crucible out of which modern aviation was formed, saw tremendous advances. So did the third, in spite of the lean years of economic depression.

Unfortunately, the product of the seed planted by the Wrights and nurtured by the war is again linked with fears of Armageddon. The airplane is pictured by both pacifists and militarists as an instrument for spreading death and destruction by new and fiendish poisonous gases and explosives. The next war, it is predicted, will be waged not in trenches but from above; fleets of powerful, long-range bombers will strike at the very heart of warring nations, leaving few if any survivors to cry out for truce. With the cause of disarmament dying, if not already dead, European countries are drilling their civilian populations against future aerial warfare.

A committee in England, in the belief that aviation under present conditions "will be a great destroyer," and that commercial aviation is already suffering needlessly from political and economic restrictions, has attempted to work out a scheme for world air transport under international control, with a corresponding military air force for police duties. The committee's proposals, as set forth in *World Airways—Why Not?* call for the purchase of existing companies with funds raised through the Bank for International Settlements at Basle and for the formation of an international company under an international directorate of aviation. Such a company would have a monopoly of all main lines, but would receive subsidies from the nations that benefit from its services. Secondary lines would be operated by companies whose directors would be chosen by the international aviation directorate and whose equipment would be rented from "World Airways." The committee, after studying all objections, concluded that the scheme could be so worked that military aviation might safely be forsworn by all nations.

Meanwhile, however, new feats in aeronautics are being achieved throughout the world. In 1933 the British speed record of 406 miles an hour was raised by Italy to 423. A French airplane attained an altitude of over eight and a half miles and a Russian balloon ascended nearly twelve miles. The British non-stop distance record of 5,341 miles made during 1933 by a flight from England to South Africa was later broken by two Frenchmen, Rossi and Codos, flying 5,657 miles from New York to

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Syria. Kingsford-Smith flew from England to Australia in record time, which Ulm later lowered to less than seven days. One-eyed Wiley Post flew alone around the world on a northerly latitude in 7 days 18 hours 49 minutes. Two British airplanes flew over Mount Everest, the roof of the world, for the first time. James Mollison was the first airman to cross both the North and South Atlantic. General Balbo led an air armada of twenty-four flying boats from Italy to the Chicago World's Fair and back.

Less spectacular, perhaps, than some of these exploits, but of no less importance to the future of aviation, was the 30,000-mile survey undertaken by the Lindberghs for Pan American Airways of all possible air routes between the New World and the Old. That aerial Odyssey embraced four continents and twenty-two countries. Leaving New York, the Lindberghs followed the North American coast to Labrador, made a 4,000-mile tour of Greenland's coastline, twice crossing the ice cap, and, by way of Iceland, the Faroe and Shetland Islands flew to Scandinavia and Russia. After stopping in most of the capitals of Europe, they continued to Spain and Portugal, the jumping-off point for an equally meandering flight homeward: from the Azores, Madeira, the Canaries and Cape Verde Islands to West Africa, 1,875 miles out across the South Atlantic to Natal, Brazil, and finally north through the heart of South America.

"It surprised me how short a distance it is to Europe," Lindbergh remarked after his flight to Paris in 1927. At that time he predicted the beginning of ocean airways between America and Europe in from five to ten years' time. Now, nearly seven years afterward, his prophecy seems likely to be borne out.

Lindbergh's prophecy referred to a service of heavier-than-air machines, so that the German Graf Zeppelin, which, with the regularity of an express liner, has already completed its fiftieth Atlantic crossing, does not, strictly speaking, enter into the present discussion. Without in the least minimizing the impressive record of Dr. Eckener's dirigible, Lindbergh—many other air experts are of the same opinion—is firmly convinced that the future seaways will be flown by powerful seaplanes, new types of which are being developed in many countries. Airship development has been at a standstill in Great Britain since the loss of the R-101, and in the United States it received a serious setback after the Akron disaster. Germany, however, is building an airship, the LZ-129, even bigger than the United States Navy's Macon, which is at present the world's largest dirigible. The German ship, which is expected to have its trials and perhaps be put into regular service during the year, will supplement the Graf Zeppelin.

At least passing reference should be made to a combined airship and airplane route around the world, which is being studied by American, German and Dutch interests. Even now you can walk into a travel bureau and book a complete world tour in fifty-seven days, of which the Pacific crossing is the only part of the tour not covered by air, the South Atlantic being spanned in the Graf Zeppelin.

Sir Eric Geddes, chairman of Imperial Airways, announced at the last annual meeting in London that his company hoped in 1934 to establish, in conjunction with Pan American Airways, an air service between Bermuda and the United States. This line might be the first leg of the Bermuda-Azores ocean airways; the next will probably be a service from Europe to the

Azores, followed by the spanning of the long hop between the islands. The two companies most concerned in the immediate possibilities of ocean flying, Pan American and Imperial, are cooperating for the early realization of a transatlantic air service which will be mutually satisfactory and in the best interests of Great Britain and the United States.

It has been reported that Lindbergh will recommend to Pan American the use of a northern ocean air route by way of Greenland, when weather permits, with an alternative Azores route when conditions prevent flying the shorter, but less pleasant, northern one. This, incidentally, seems to bear out Sir Eric Geddes's remark in his 1932 report, concerning the prospects of ocean flying: "It may well be that the routes will change according to the season in the same way as the steamship routes do." Likewise, a working arrangement is said to have been discussed whereby Pan American and Imperial may cooperate in a circular transatlantic system, one taking the northern eastbound service and the other the southern westbound. The Arctic course is not only 500 miles shorter but has the further advantage of continuous Summer daylight, though the disadvantage of uncertain weather must be considered.

Sikorsky flying boats, which are now being built for Pan American's Caribbean service, are believed to be capable of carrying thirty-two passengers, plus a 1,000-pound mail and express load, a distance of 1,200 miles non-stop, or fifty passengers and a corresponding mail load 600 miles. For transatlantic flying, it is claimed that they will be able to carry 500 pounds or more in mail 2,500 miles non-stop against a thirty-mile-an-hour headwind. These machines are expected to have a cruising speed of 150 miles an hour. Probably the same type, or some subsequent development of it, will be used to open the Bermuda service, and later to inaugurate the North Atlantic airways with the first regular oceanic air mails. Such a service will lead directly to passenger travel.

While the United States has supported aviation through air mail contracts, Britain and European countries have generally given direct subsidies. As the first of the British Government's subsidy agreements with Imperial Airways will expire in two years, and another after three years, a Cabinet committee is already examining the question so that Britain's air mail policy may be redefined before the time comes to draw up new agreements. The government may decide, in the interests of higher speeds, to separate passengers and mails, or may support the present system of mixed loads, while requiring a more frequent service and regular night flying on the British Empire routes. At present there are only three long-distance services comparable to that of the Imperial Airways: The French to Indo-China, the Dutch to the Netherlands East Indies, and the United States Pan American system for South America. All these companies believe that a combined passenger and mail service insures the fullest development of air transportation.

While American and British interests have been considering together a North Atlantic air crossing, the French and Germans have been engaged in intense rivalry for the establishment of the first transatlantic air mail linking Europe and South America, by way of Africa. Victory in the first round went to Germany.

A hydroplane carrying German air mail reached Buenos Aires on Feb. 9,

1934, inaugurating a bimonthly six-and-a-half-day service between Stuttgart and Buenos Aires. Argentine business men were particularly impressed by this five-day service between Buenos Aires and Seville which the German Lufthansa has made possible. Ultimately it is hoped to reduce the time to five days from Germany and four from Seville. The first flight was made in three stages: from Stuttgart to Bathurst, British West Africa, then to Natal, refueling at the steamship Westfalen, a floating mid-Atlantic base. At Natal the mail was turned over to the Condor Syndicate, which has been carrying mails to Brazil for several years. A weekly service, connecting with the Graf Zeppelin, is planned between March and September.

The fastest commercial airplane in the world, the Lufthansa Blitz of the Heinkel H. E. 70 type, delivered the first South American air mail in Berlin on Feb. 12. The mail had taken 3 days 8 hours and 40 minutes to reach Tempelhof from Natal, a saving of approximately three weeks' time, which brings Rio de Janeiro closer to Berlin than to New York. So convinced is the Lufthansa of the success of its service that another steamship will be equipped like the Westfalen for service on the same route. The Westfalen has a drag sail to "smooth" the surface of the sea for safe landings, cranes to hoist the machines on board and a catapult for launching the flying boats in the air again. The ship is reached by a radio beacon system.

The French, on the other hand, intend to fly the 2,000 miles from Senegal to Natal non-stop. Recently their experimental seaplane, Croix du Sud, made the crossing in about eighteen hours, although another French machine flew from Dakar to Brazil last year in fourteen hours. Since the French air concession in Portugal and the Azores has been canceled, France is now all the more anxious to retain expiring air mail contracts with Brazil, and hence will fight to the finish in her present commercial air race with Germany.

Italy, meanwhile, has been keeping a watchful eye upon the South Atlantic. Unfortunately, the first Italian air mail plane from Rome to Buenos Aires ended in a crash on the north coast of Brazil, with two of the four men aboard injured and the machine a total loss.

An abbreviated form of transatlantic flying has quietly been carried on for some time in the ship-to-shore service of seaplanes catapulted from the German liners Bremen and Europa. In four years of regular operation there has been only one serious casualty. The seaplanes have beaten the steamships to their destination by an average of nearly a day and in one instance by three days. By means of this service and the American transcontinental airways system, letters have been received in San Francisco in five days, sometimes even less, after being mailed in London! The success of the North German Lloyd and Lufthansa in this direction has not failed to impress other steamship companies, for the Cunard is reported to be negotiating with Imperial Airways to try the scheme on its own fast liners.

Unfavorable weather over the North Atlantic generally restricts the ship-to-shore air service to a few months—from May to September. The longest westbound flight last year was 735 miles. Such flights are made on the day before the arrival of the steamship or early in the morning on the day of arrival. In the eastbound service the plane is catapulted one day before the

liner calls at Cherbourg. If weather forbids a flight on that day, it is made to Amsterdam the following day. The mail is then carried by plane from London or Amsterdam to all parts of Europe, delivery being speeded up by one to two days. During the ship-to-shore flights the seaplanes keep in constant radio communication with the mother ship by a code two-way radio. Each machine carries about 450 pounds of mail, has a cruising radius, under ordinary weather conditions, of 800 miles and a speed of 125 miles an hour.

Not long ago world-wide interest was aroused by the announcement that the United States Government intended building an experimental Atlantic "seadrome" to test Edward R. Armstrong's plan for a chain of anchored landing places at intervals of 400 or 500 miles between America and Europe—the entire project to cost some $30,000,000. For the past twenty years Mr. Armstrong has worked steadily on his scheme. Apparently, however, the plan has been quietly shelved, for nothing has recently been heard of it. If a transatlantic air route is to cost $30,000,000 at the outset, it must await more prosperous days. Clarence Chamberlin, veteran of a transatlantic flight and the first to make a mail flight from a liner's deck, has summed up critical aviation opinion by stating that the advance in plane and motor design in the last ten years had made the seadrome "aeronautically obsolete." The main objection to a seadrome is that, while it provides a landing place for land planes, the seaplane is more likely to be the carrier of air-borne ocean traffic.

Will the people take to transatlantic flying when it comes? Once the English Channel held terrors for the airman; today the number of passengers using the airways between London and the Continent increases steadily year by year. The important thing is that the stunt flying era has definitely ended, replaced by a new air age. The problem of safety is still an important consideration, although the percentage of accidents is remarkably low. Cost, also, will in the beginning be an item, though eventually there may not be great disparity between the fares of ocean airways and a first-class steamship passage. In any case, as the Graf Zeppelin has shown, there will always be a number who can afford to pay for the time saved in crossing the seas quickly. The first passengers will probably include many attracted by the novelty of a new experience and whatever notoriety they might achieve thereby, but in the end a regular and reliable means of transportation will be accepted—as the world always accepts its wonders—as a matter of course.

On the Narcotic Trail

By LOUIS RUPPEL
Deputy Commissioner, Bureau of Narcotics

IT is unfortunate that the American public is so little acquainted with the problem of narcotics and the work that goes on day by day to fight the illicit trade in drugs. Nearly every American schoolboy had an opinion upon the late lamented Eighteenth Amendment and the Volstead act, but were the average adult to be asked what he thought of the narcotic problem, his answer would be based upon the misinformation derived from so-called true story magazines or from sensational newspapers which delight in announcing that "four men and three beautiful young girls were arrested today when Federal agents swooped down on a lavishly furnished apartment in the exclusive Heights section of the city."

The unvarnished facts of the battle against drug trafficking are exciting enough, and no sensationalism is needed. Lurid coloring, moreover, is likely to obscure the facts or conceal them altogether. The Federal Government is confronted with a titanic and apparently endless job in fighting dope peddling, and if the public fully understood the circumstances of the crusade they might more intelligently aid the efforts exerted by Washington officials.

Most narcotics imported into the United States are necessary to alleviate pain and suffering. For a long time the trade in these drugs was unregulated, but on Feb. 9, 1909, a Federal law was enacted prohibiting the importation of opium, its preparations or derivatives, except for medicinal purposes. This act, amended in 1914 and 1922, contains the only Federal provisions for controlling the movement of narcotics. The Harrison narcotic act, passed on Dec. 17, 1914, taxed importers of crude opium and coca leaves, as well as pharmaceutical houses, druggists, physicians, dentists and veterinarians who handled or dispensed narcotics in their respective professions. This act, intended solely as a revenue measure, forbade the dispensing of narcotics to those addicts who were not medical cases, and thus made it profitable for illegitimate dealers to ply their trade.

The Federal Government's field agents responsible for enforcing the narcotic laws were greatly handicapped by the advent of national prohibition, for they were soon identified with prohibition agents, and where once they had received cooperation in their efforts to deal with narcotic bootleggers, they eventually found suspicion and closed doors. By 1927 the Bureau of Prohibition was established, and narcotic work was further hampered by being assigned to the same agency. Only when a separate Bureau of Narcotics was instituted in 1930 could the agents fighting the illicit dope trade begin to disentangle themselves from their association with the generally unpopular liquor sleuths.

The present task of the Bureau of Narcotics is to cooperate with the Customs Service to prevent smuggling of contraband drugs into the

country, and to eliminate illegal domestic traffic. The bureau also supervises and checks the trade in drugs by those who are permitted by law to engage in it. About eighteen months ago a drive was begun to induce the separate States to assume responsibility for the suppression of peddlers within their borders by enacting a uniform State narcotic law, so that Federal enforcement officers might be better able to devote their energies to dealing with the major sources of supply and the interstate traffic. But thus far only Nevada, New Jersey, New York, Florida and Virginia have enacted the measure into law.

The problem of suppressing the illicit trade within the borders of the United States consists principally in fighting the narcotic racketeer and his peddlers. Some petty criminal makes the mistake of selling a grain of heroin (probably 10 per cent heroin and 90 per cent milk sugar and quinine) to an agent. He is thereupon arrested, and, fearing imprisonment and the consequent shutting off of his personal narcotic supply, usually offers to "turn the connection" which sold him the drug in the first place. The "higher-up" is encountered and a sale of probably 100 ounces at $90 or $100 an ounce is negotiated—with marked money. When the purchase is completed this middleman is in turn arrested, and the search for the large-scale smuggler is begun.

But, as in the case of liquor enforcement, the man at the top, the syndicate boss, is hard to catch. A few years ago a guard watching a consignment of smoking opium worth $500,000 was arrested, but he denied knowing what was in the packages or who had given him his job, and indicated that he would unhesitatingly tell a jury that a pair of strangers had hired him to take care of $500,000 worth of merchandise. Later this man changed his mind and pleaded guilty, and his confession resulted in the indictment of a large-scale smuggler, who, however, has never been arrested.

Narcotic agents have had their successes, on the other hand. In 1933, starting from a small "buy" from a female peddler, they worked through one connection after another to make ten arrests, and eventually discovered that Japanese morphine was entering the United States in false bottoms of drums of tung oil. Judah and Isaac Ezra, former British residents of Shanghai and one-time millionaires, were sentenced to twelve years each in a Federal penitentiary as leaders of the gang responsible for this smuggling.

Difficult as it is to gather evidence against major operators, it is sometimes still harder to convince our courts that severe penalties should be imposed upon the guilty. An agent in one judicial district may obtain a conviction and rejoice that a large-scale operator is out of the way for five or ten years (figures show that the criminal usually returns to his profitable racket), while in the neighboring judicial district fellow-officers of the law bemoan the fact that they have spent six months in catching an illicit trafficker only to find that the five-year sentence he received in open court has been reduced in chambers the next day to three years.

Last October, for instance, a Federal judge from the West sitting temporarily in an Eastern court sentenced one Max Gordon, alias One-Eyed Maxie, to five years' imprisonment. Maxie had been previously convicted three times for a total of eleven years, and this time had been arrested with a bag containing about six

pounds of gum opium. His attorneys pleaded that since in another case a culprit had been sentenced to only four years' imprisonment for having been caught with 1,000 pounds of opium, Maxie should receive better treatment. Despite the arguments of the prosecutor in chambers next day, the penalty was lowered and the report to the bureau in Washington contained the information that the presiding judge thought that "heavy sentences do not act as deterrents and for that reason the sentence was reduced to three and one-half years and a fine of $1,000."

The narcotic agents in the larger cities must combat all forms of the illicit trade, but those assigned to rural areas are faced principally with the problem of the distribution of morphine by unethical medical practitioners. The medical profession as a whole, of course, aligns itself with the government, but as there have been lawyers disbarred and clergymen unfrocked, so have there been physicians imprisoned for violating the narcotic laws. With the careful check upon sales, the bureau soon learns when a doctor in a small community has purchased enough morphine to treat thousands of medical cases for months, and an inspector is dispatched to investigate the situation. It is surprising how often he uncovers questionable practices. One informer obtained from a doctor a prescription calling for two ounces of morphine sulphate, which is easily 3,500 medical doses. Another physician issued 400 prescriptions to transient drug addicts in the course of eleven months.

A jury is usually loath to convict a professional man, and if only one or two "buys" have been made by the agent or only a few prescriptions uncovered in the neighboring drug stores he is usually acquitted. The rural jurymen no doubt know some of the addicts for whom the doctor has been prescribing, and feel that since "Sarah and Lem mind their own business and do their own work," there is little harm in their being relieved by their physician. Yet these same jurymen fail to realize that one addict makes another, and that the offending doctor in violating his Hippocratic oath has become a menace to his community.

It is sometimes difficult, even after a conviction, to have the authorities revoke a physician's license. In many instances, even before the agent's report of the arrest is received in Washington, a shower of protesting letters on behalf of the physician from outstanding citizens begins to descend upon the Bureau of Narcotics. There have been instances, moreover, in which Congressmen are enlisted to inquire into the case of an arrested physician or druggist, and recently at least thirty officials—Federal, State and municipal—hastened to the rescue of an arrested pharmacist. According to their letters, he was the community hero, a great humanitarian. They failed to realize that even were he such a high-minded individual, he had dispensed on prescriptions four times as great a quantity of narcotic drugs as all the other drug stores in the city put together.

The bureau finds itself handicapped in its work not only by lenient judges and short-sighted friends of convicted persons but also by the dissemination of misleading information. All too frequently men seeking public office seize upon the word "dope" for their campaign speeches, and shout about the widespread use of drugs by "high school girls and boys." A few dull youngsters have tried marihuana cigarettes (the sale of the hemp weed marihuana is not restricted by Federal legislation), but the practice is not

widespread, and the records show that few persons under 20 years of age use narcotics and that the average age of addicts is 32 years. Nor is it true, as a distinguished speaker recently declared over a national radio hook-up, that there are 1,000,000 drug addicts in the country. If there were that many, very nearly the entire world supply of narcotics would be needed in the United States. A more nearly correct figure is 100,000.

It is also repeatedly charged that drugs are largely responsible for crime, and about a year ago the League of Nations issued a document on "The Connection Between Crime and Drug Addiction." As a matter of fact, a major criminal is rarely an addict, and, according to figures furnished by Lewis E. Lawes, Warden of Sing Sing Prison, only sixty-eight of the 1,562 men admitted to Sing Sing during 1932-33 were users of narcotics. Warden Lawes explains further that most criminals addicted to drugs commit minor felonies, at the most, and are sentenced to county penitentiaries or city or town jails. The major criminals as a rule have only one interest in narcotics—and that is to sell at $100 an ounce a drug that is often cut seven, eight or nine times, as bootleggers cut liquor. In the legitimate trade, morphine sells at about $10 an ounce, and heroin is forbidden.

Minor crimes undoubtedly are more frequent among addicts than among happier citizens, but this must be attributed to the addict's terrible agony without the drug. He is driven to petit larceny to obtain money to satisfy his craving, and is more to be pitied than regarded as a criminal menace. The Federal Government recognizes this fact, and an institution to house 1,000 habitual users of drugs is now being built in Lexington, Ky. Here will be sent those arrested for peddling narcotics and here also will be a haven for those who wish to rid themselves of the habit. This institution will be under the direction of the United States Public Health Service, as will be that now planned for construction at Fort Worth, Texas. By study and observation of the inmates, it is hoped a method of permanent cure will be developed, so that the number of these unfortunate people will not increase and so that the long and bitter fight against the illicit drug trade may eventually be brought to an end.

Good News From Broadway

By GEORGE JEAN NATHAN*

THE historian of the American theatre must recognize that it is today "news" on two grounds: first, because it has changed completely from what it previously had been, and, second, because at the same time there has occurred a very great change in the character of its audience and its drama. The American theatre, even so recently as seven or eight years ago, was a hybrid institution, appealing in part to the casual moviegoer as well as to the more definite theatregoer. Its dramatic fare was generally such as to satisfy—or at least to attempt to satisfy—the tastes of both, equally and simultaneously. Accordingly, the result, more often than not, was the inevitable one of trying to sit on two stools. Neither the moviegoer nor, more important, the theatregoer, was propitiated.

The consequence was soon alarmingly evident. The moviegoer who had been accustomed to attend the theatre intermittently gave up the theatre entirely. And the theatregoer, hitherto in the habit of attending more regularly, gave up the theatre to a considerable degree. There came about, naturally, a collapse of the theatre business, the statistics of which are already sufficiently and grievously known.

At this juncture the theatre in various of its component parts—managers, producers, dramatists, actors—necessarily had to take stock of itself. Was it to die, or was it to live? And out of this stock-taking there was born the new theatre—or at least the beginnings of the new theatre—together with the new audience and the new drama.

What is this new-born theatre? It is a theatre that has had imposed upon it the necessity of abandoning in major part what may be termed the fifty-fifty drama, that is, the drama designed to appeal to the half-movie-minded, half-drama-minded audience, and the equal necessity of sponsoring at least some faint approximation to what may be called the hundred per cent drama, that is, drama that shall appeal to the relatively superior intelligence of the simon-pure theatregoer. That plays are still produced from time to time which are subsequently purchased by the motion-picture people for film purpose has no other significance than the motion picture people's belief that fifty-fifty motion pictures (half movie, half drama) will appeal equally to moviegoers and theatregoers, and hence draw a portion of the latter into the screen parlors. The motion picture people will undoubtedly learn their sad lesson in due time, just as in the analogous direction the theatre learned its sad lesson.

The theatre has realized that it can no longer offer its customers, at $2 or $3 a head, the kind of drama that they can obtain in the film houses for from 30 to 55 cents. The motion pic-

*As a leading American dramatic critic, author and editor, Mr. Nathan needs little introduction. He has written many volumes of dramatic criticism and contributed the article on American drama to the *Encyclopaedia Britannica*.

ture people will come to realize that a mere second-hand repetition of theatre drama at any price will not long satisfy customers of an entertainment medium that depends, above everything else, upon surprise, shock and novelty. It is as commercially foolish to show theatre drama in film houses as it would be to show films in dramatic theatres. For what makes big money in the film houses has been demonstrated in the general run to be either stories written directly for the screen or plays brought over from the theatre and so altered for screen purposes as to be barely recognizable.

Having regained its birthright—not without a hard struggle with itself—the theatre has set about considering what has happened to it. It has found, first, that it now has an audience, still limited, that must be met on terms quite different from the heterogeneous, larger audience of yesterday; second, that its drama, to be successful with that audience, must be a drama different from the drama of yesterday; and third, that it has already begun not only to meet the new audience on the required terms but that it has also evolved, at least in a measure, a drama that is other than the drama of yesterday.

The new theatre audience is a particularized audience, or, in the vulgar expression, a class audience. It is an audience that has guaranteed the success of such dramas as *Strange Interlude* and *Mourning Becomes Electra*, the mere excessive length of which would unquestionably have foredoomed them to failure with the mixed and impatient theatre audience of past years. It is an audience that has utterly no use for the smut so favored by the old mixed audience, as witness the overnight failure of such recent filth as *The Stork Is Dead*, *Love and Babies*, *The Great Magoo* and *It Pays to Sin*. It is an audience that demands of a dramatist that he no longer condescend to it in the slightest degree, but meet it on its own intelligent and experienced emotional level.

By virtue of this demand, there has come over our theatre drama such a metamorphosis as, some years ago, would hardly have been dreamed possible, even by the most optimistic critic. These years ago the three cardinal articles in the catalogue of successful dramatic hokum were Mother, the Baby and the Flag. Today they are guarantees of ridicule and failure. Let a playwright attempt to coax an audience's sympathetic reaction with any one of them, or even with all three rolled together, and the neighing of the horses attached to the storehouse wagons outside will drown the audience's ribald laughter. Mother in the new drama is no longer the silver-haired angel she arbitrarily always was in the old drama; she is a human being with all a human being's faults as well as virtues. Baby is no longer invariably a little bundle of sugar; baby is often just a plain out-and-out brat. And as for the Flag, even its hitherto uniformly successful capitalizer, George M. Cohan, has been derided out of waving it.

The new drama, whatever its deficiencies, is and must be an honest drama—honest with its audience and honest with itself. Consider, for example, the matter of what have been known antecedently in the theatre as sympathetic characters. Up to very recent years one of the main demands made of a dramatist was that he make his central male or female figure a sympathetic person; that is, that the attributes and conduct of the character be such as to gain the respect, affection, commiseration and *rapprochement* of the audience. The demand was

such an imperative and arbitrary one that, in the whole history of successful American box-office drama, there was not a single play that violated the injunction. In only one such play in that history, indeed, was there even a minor character not sympathetic that momentarily contrived to gain the sympathy of the audience, the character in point figuring in the Armstrong-Mizner play, *The Deep Purple,* and acted, incidentally and significantly, by the late Jameson Lee Finney, an actor personally very popular with the audiences of his day.

With the great change that has come about in the audience, intelligence, truth and honesty in character portrayal are insisted upon, let sympathy go where it may. What the new audience wants is not necessarily sympathetic characters, but veracious characters. As a consequence, some of the plays most highly endorsed in the theatre today are plays with central characters that would have been hissed out of the theatre in other years.

Under the new dispensation, in point of fact, most of the old dramatic rules for success are passing into the discard. Even suspense, a quality without which no play could achieve box-office success ten years ago, is no longer absolutely vital to prosperity with the new sophisticated audience, as witness, for instance, *Green Pastures.* The mere quality of suspense—that is, nervous anticipation and anxiety as to succeeding dramatic events—has been dismissed as an absolute dramatic necessity. So with the majority of the other old rules and regulations. There is probably not one of them that cannot profitably be broken.

The new audience does not give a hoot for the so-called happy ending in itself. It demands, instead, a logical ending uncorrupted by sentimentality. It has no longer any prejudice as to dramatic themes; any theme under the sun will be accepted if it be ably treated by the dramatist. Some years ago the theatre insisted that a clergyman be presented always as a more or less noble creature; nowadays, he may be presented in any light consistent with realism. Formerly, the handling of religious and racial themes had to be negotiated with extreme tact; today any forthright handling is tolerated, so long as it be honest. Touchy subjects, that is, subjects dealing with certain abnormalities of mankind, were once taboo; now they are anything but touchy, just so long as they are competently treated. Consider, for example, the success of *The Green Bay Tree.* Consider, as well, J. B. Priestley's *Dangerous Corner,* which ran for half a season last year and which contained a character and scenes which, in the theatre's immediate yesterday, would have inflamed an audience's moral ire. The great success of a play like Noel Coward's *Design for Living* would have been an utter impossibility ten years ago.

Consider, further, the manner in which the new attitude of audiences has affected even actors and actresses. Not many years ago any popular woman star knew that she would sacrifice her popularity if she confessed to a sufficient age to show herself in a rôle which presented her as the mother of grown children. Still believing, indeed, that the theatre audience was the same old audience of their earlier days, several of the most conspicuous women stars a few seasons back peremptorily rejected the idea of playing the leading rôle in St. John Ervine's *The First Mrs. Fraser,* on the ground that they did not dare risk losing the affection of their audiences by appearing as mothers of relatively advanced age. Among these actresses

were Miss Ethel Barrymore and Miss Laurette Taylor.

Miss Grace George, with considerably more sagacity as to the education of even the new popular taste, then undertook the rôle and scored one of the biggest theatre successes of her career. It is safe to venture that in the future neither Miss Barrymore nor Miss Taylor—nor any other mature woman star—will longer doubt that there is a new and greatly altered audience in the American theatre. The day of merely pretty rôles is done. A favorite actress is no longer a favorite simply on the ground of theatrical glamour and illusion; if she is to retain her favor, there must be, above all else, artistic bravery in her, and honesty as to the rôles she plays, and evidence of advancement in her profession. Few of the kind of rôles that made actresses audience-pets in the time of Charles Frohman will today avail an actress who desires to keep her hold on the new audience.

Gone, too, is the cigarette-picture ingénue—gone, doubtless, for good. The young woman who chooses the stage for a career must nowadays be much more than a sweet and cunning young thing; she must give evidence of acting talent. A glance at the younger women on the stage at the present time, along with a reflection on the general run of ingénues in other years, clearly illustrates the difference in audience predilection. In these latter-day young women one finds, aside from any personal comeliness, traces of real ability.

The new, intelligent audience, further still, is dramatically shock-proof. You cannot shock intelligence in the theatre; you can only disgust it. Thus, when some throwback of a producer seeks to shock with some cheap example of so-called daring drama—and through the shock capitalize the box-office—he succeeds only either in affronting the audience or putting it to sleep. Not a single play of this species produced in the theatre in the last half dozen years has drawn enough trade to keep it alive.

With the better grade of so-called daring drama, intelligent interest has supplemented the older sensational interest. *The Captive*, which was censored off the stage, owing to audience protest in various quarters, a half dozen years ago, would unquestionably be unmolested by the present-day audience or by the authorities operating in its behalf. In the last two years not one play has been censored by the authorities on moral grounds. The authorities, like the new audience, have also experienced a change in viewpoint and attitude. As a result, the theatre, being an honest theatre, is now a cleaner and more decent theatre. Where once it smirked and licked its lips, it now speaks the truth openly; and open truth is pretty generally clean.

The old American theatre, in short, is as dead as a door-nail. Its triviality, its hypocritical morals, its hybrid audience and its obvious, gold-digging box-office are things of the past. Though the new American theatre, with all its ambitions and hopes, for all its great step forward may be still far from the top of the celestial ladder, it is climbing hard and steadily and unmistakably. If ever it slips back, it will be done for.

We come now to a consideration of the economic side of the present-day theatre. That it is in a more healthful financial condition than it has been in some years is evident to even the casual observer. The reason for this, paradoxically enough, is the late depression, which turned out, so far as the theatre was concerned, to be a real blessing in disguise.

In the first place, it put a stop to the idiotic building of new theatres, all so unnecessary as to be foredoomed to failure. Secondly, it brought about the end of absurdly high theatre rentals, which frightened away even the bravest of experimental producers and the most eager producers of better-grade drama. It brought about a reduction in the often exaggerated salaries of actors, and so further gave a better gambling chance of success to enterprising dramatic producers, and it cut the overhead in the business and managerial departments. Finally, it gradually began to convert the theatre from a mad roulette wheel into something approximating a sound and legitimate business run on at least relatively sound and legitimate principles.

The great reduction in weekly theatrical rentals—in certain cases the reduction in New York has amounted to as much as $3,500 on a previous $4,000 weekly rental—has, of course, attracted a proportion of fly-by-night and ignorant producers, with their fly-by-night and ignorant dramatic throwbacks to an earlier and meritless period of the theatre. But, with the new and higher audience demands, they have not lasted long and have largely been driven from the theatrical temple.

The depression also eliminated the so-called theatre guarantee, that is, the necessity for an independent producer to guarantee the owner of a theatre a definite, fixed sum—usually very high—for a certain number of weeks and covering the lofty rental of the theatre. This system weighed severely upon the independent producer's available resources; it demanded of him a capital investment much greater than was logically reasonable; and it naturally induced in him, assuming he was a fellow of decent dramatic aspiration and ideals, a measure of trepidation. And it was instrumental in making the production of the finer and often uncommercial drama a dangerous hazard. The result, in general, was a tendency on the part of independent producers to take a chance only with the kind of plays that seemed to have box-office possibilities. Real merit soon became a matter of diminished consideration.

With the tremendously reduced rentals and the disappearance of the insisted upon guarantee—sometimes demanded, in part, in a cash advance—the independent producer of standing has found the way cleared for the exercise of his dramatic ambitions. More, a good play, that may not get off any too well at the start, now is in a position to have some lease of life afforded it, where in former days, if it did not pay at the very beginning, it was doomed to be closed, and promptly.

A glance at the situation at the height of the Winter season of 1933-34 quickly discloses the vigorous commercial state of the theatre. O'Neill's *Ah, Wilderness!* after months of great prosperity, was still playing to capacity audiences and, from all indications, would continue for the rest of the season. Maxwell Anderson's *Mary of Scotland,* another big success, was playing to a weekly gross of $24,000. The revue *As Thousands Cheer,* an enormous financial success, was getting almost $30,000, and the *Ziegfeld Follies* considerably more than that. *The Green Bay Tree,* after one hundred performances, was still playing to a profit, and *Her Master's Voice,* the little Clare Kummer comedy, was taking in $14,000. (All this some time after the customarily much more prosperous holiday weeks.) *Men in White,* which had been running for months to excellent business, was at

the moment still drawing $14,000 weekly, a remarkable record for a production made by what is, after all, a semi-amateur producing organization, to wit, the Group Theatre. *Murder at the Vanities* was still profitable after many months—in a recent week it had drawn more than $16,000; and *The Pursuit of Happiness*, an inexpensive little comedy, continued after a considerable run to return a nice surplus to its management.

Roberta, after two months, was getting $23,000 weekly at the box-office; and the big success, *Sailor, Beware!* was still—after several months of unbelievable trade—showing a very high weekly profit. Both these pieces promised to continue into the late Spring. *She Loves Me Not* was proving a veritable gold mine for its producers; in the week in which these statistics were set down it grossed more than $23,000, which—as in the case of *Mary of Scotland*—is very nearly a musical comedy intake. *The Lake* had played to $24,000 in the first week of its engagement, despite a very unfavorable critical press, and to $18,000 in its second. And *Double Door,* about to conclude its New York run after a prosperous engagement of three and a half months, had turned in a very handsome gain.

More important is the revivification of what is known in theatrical parlance as the road, that is, the theatre outside New York. Not only is there unmistakable evidence of a renewed hunger for the legitimate theatre in the thitherward cities, but even in the overgrown hamlets the inhabitants are displaying a keen appetite for the plays that, after these many years, are again occasionally coming their way. The tremendous success of *Green Pastures* in the small towns of the South—which have always in the past been poor audience material—is a straw which shows the changed wind. Katharine Cornell, on a tour to the West Coast with *The Barretts of Wimpole Street,* has played to standing-room-only business. And towns and cities which for the last eight or ten years have turned a chilled shoulder to the legitimate stage in favor of the motion picture screen are beginning to return to their first, early love. The Broadway barometer indicates, as well, the changing barometers elsewhere.

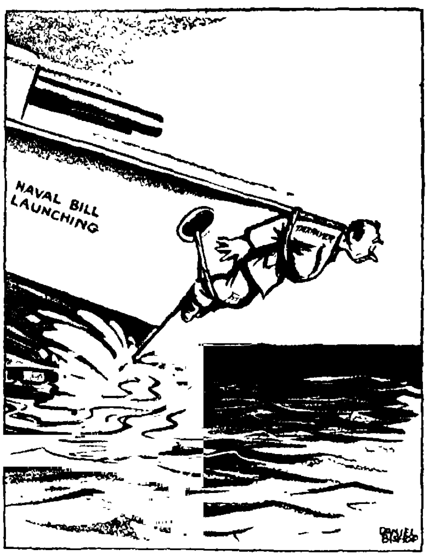
Current History in Cartoons



Nurse- "Shucks, now, you ain't gone and forgot your ma, have you?"
—*St. Louis Globe-Democrat*



In spite of all it still remains
—*Philadelphia Inquirer*



Due for a ducking
—*St. Louis Star-Times*



"Where's that darn cat?"
—*Louisville Courier Journal*



Now let's have that barrel, please
—*New Haven Evening Register*



General Johnson—"He isn't blind, he just doesn't give a damn"
—*St. Louis Post-Dispatch*



How far can it be stretched?
—*Newark Evening News*



A none too generous gesture
—*The Sun,* Baltimore



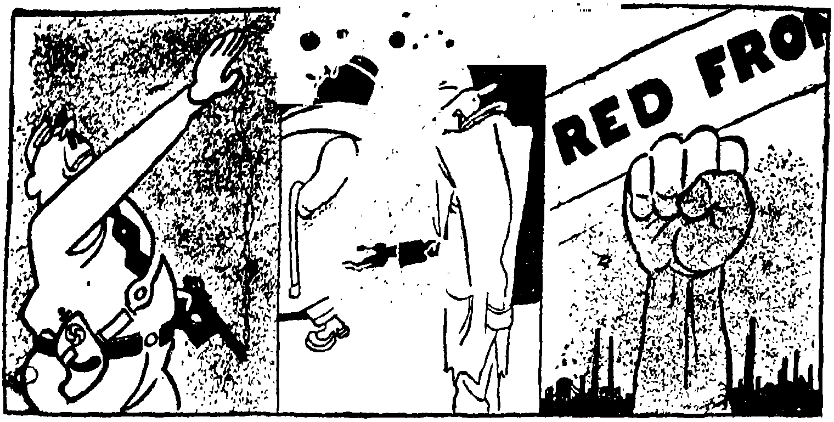
The Pillage Blacksmith—
"Under a spreading chestnut tree,
The Pillage Smithy stands,
The smith a mighty man is he,
With broad and grasping hands."

—*Daily Herald*, London

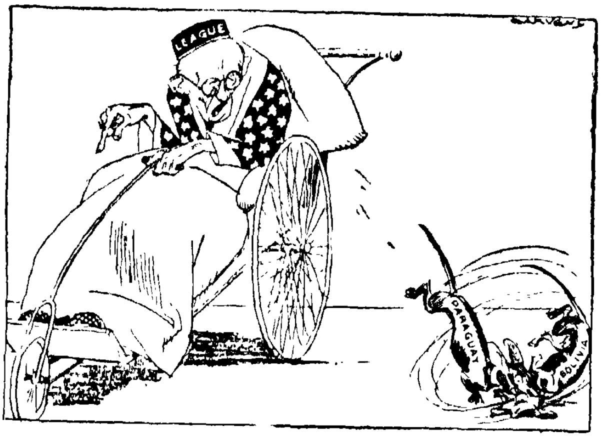


Little Disarmament—"Nobody loves me. I'll never grow up!"

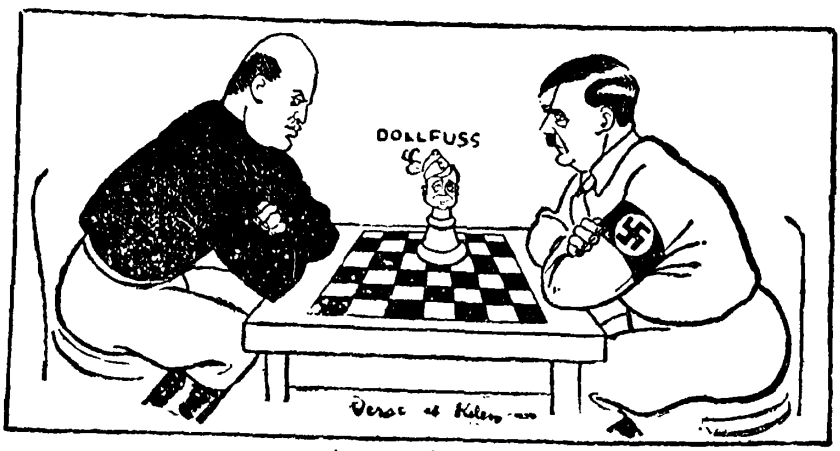
—*News of the World*, London



The three most frequent gestures in modern Germany
—*Humanite,* Paris



"Fido, stop that at once!"
—*Kladderadatsch,* Berlin



A game of chess
—*Petit Parisien*

A Month's World History

Signs of Hope in European Affairs

By ALLAN NEVINS
Professor of American History, Columbia University

IN the sphere of international relations there have recently been four important events: the signing of the Pact of Rome by Italy, Austria and Hungary; the publication of both French and German views upon disarmament; the definite and practical discussion of Soviet Russia's entrance into the League of Nations, and the signing of the new non-aggression treaties by Russia with Estonia, Latvia, Lithuania and Finland.

These events have an obvious interrelationship, though the true meaning of all four is not easy to disengage. Possibly a gloomy view should be taken of most of them, and the developments of the last weeks be regarded as on the whole unfavorable to European peace. It is equally possible, however, to view them optimistically, and to believe that ground has been gained.

On the whole, the optimistic view seems the better grounded. The gloomy interpretation of present-day events in Europe rests upon a feeling that the League is steadily being broken down and made a tool of a few great powers, and that the old system of armed alliances, glowering at each other in mutual hatred, is being reconstituted. According to this interpretation, the new entente between Italy, Austria and Hungary is simply a combination reared in hostility to Germany, an Italian scheme to prevent Hitler from swallowing Austria and forming a Balkan bloc under Nazi leadership. (See Professor Ogg's article on page 238.) The pessimists point to the suspicion with which Paris regards the pact, the marked dismay it caused in Berlin, and the sharp condemnation by the Little Entente of a group arrangement in which it had no share. By the same interpretation, Russia's activities are sinister. It also is trying to form a bloc or group inimical to the original League idea. As for disarmament, it is left virtually dead by the latest notes.

But this is not the opinion of the best judges of the contemporary European scene. It seems more reasonable to believe that the Pact of Rome will, for the most part, have beneficent political and economic results; such is the verdict, for example, of the London *Times*. It has already done much to ease the tension in Southeastern Europe, and it certainly promises a freer exchange of goods over a considerable area of the Continent. The Little Entente, at first uneasy, has been reassured, and apparently even approached with proposals for coöperation. As for Germany, no one outside the Reich will regard the checkmating of her designs upon Austria as a calamity. Disarmament, to be sure, is a sad topic. But there yet remains more than "a glimmer of hope," as Captain

Anthony Eden told the House of Commons on March 14, for the eventual success of a convention. And the treaties signed by Russia merit all that M. Litvinov said of them on April 4 when those with Estonia, Latvia and Lithuania were made public. (The treaty with Finland was signed on April 6.) Though only renewals, until 1945, of existing non-aggression compacts, he hailed them as a contribution to world peace.

Particularly encouraging is the possibility—now at least on the plane of practical politics—that the Soviet Union will enter the League. It has emerged at the very moment when Mussolini was renewing his highly unfortunate predictions that the League must submit to either radical revision or destruction. Speaking in Rome on March 18, he said that if the effort at disarmament fails "there will be no need to reform the League, for that will be sufficient to sign its death certificate." Though Russia's entrance may be still distant, several governments have already sounded Moscow on the subject and exchanged views. France is understood to be taking a leading rôle in promoting the plan. M. Litvinov is reported favorably inclined. Russia would, of course, despite probable Polish opposition, have a permanent seat on the council.

Meanwhile, it is gratifying to record that the world has staggered through another month without new wars, international or civil. The threat of a Russo-Japanese conflict continues to recede. Various military experts had fixed the last days of March as the probable date for the opening of hostilities. Instead, April found officials in both Moscow and Tokyo declaring that another critical period had been safely passed, that the railroad dispute between the Soviet Union and Japan seemed on the way to peaceful settlement, and that each side had too wholesome a fear of the other to take rash steps.

Late in March quiet returned to Austria. A new constitution was being drafted on Corporate State lines, while Chancellor Dollfuss was trying earnestly to conciliate the Social Democrats. The threatened crisis in Spain fortunately failed to come to a head. Week after week it was reported that the republic faced a coup d'état from two sides—the monarchist and clerical elements on one, the Socialist-Anarchist groups on the other. But Señor Lerroux peacefully reconstructed his Cabinet, making only three changes, in a way which strengthened it against both dangers. Dire forebodings of the future also persist in France, but the month was one of general peace, with Premier Doumergue making vigorous appeals to national patriotism and solidarity. Only in South America, where Bolivia and Paraguay continue to wrestle for the Chaco, has blood been spilled.

ARMS AND SECURITY

The deadlock on disarmament continued throughout March, and the various governmental exchanges upon the subject merely defined the opposing points of view more sharply. Last month the "grand tour" of Captain Anthony Eden was chronicled in these pages, and the fact recorded that, while in Berlin and Rome he found sympathy and expressions of readiness to proceed on the basis of the British memorandum, Paris remained hostile to his proposals. He reported to the House of Commons on March 14 that the root of the trouble lay in "mistrustful apprehension" on the French side and in "aggravated impatience" on the German—facts which it needed no grand tour to reveal. He added that if the Disarmament Con-

ference failed, every country would have to review its armaments. This reinforced Stanley Baldwin's statement of March 8 that unless an agreement could be secured Great Britain would have to attain parity in the air by building up to the level held by any power within striking distance.

Captain Eden's report prepared the British public for an unfavorable French reply. Unquestionably all intelligent Frenchmen see, as Britons and Italians have been frankly stating, that Germany cannot be kept in a position of gross inferiority in armaments; that her rearming is inevitable unless the rest of Europe disarms. But the French Government is acting for two objects—delay and pledges of security. In connection with an arms convention, security means to her strict "guarantees of execution." Great Britain has already gone a certain distance in this direction by promising "consultation as to the steps to be taken" if any breach of the agreement occurs. In anticipation of the French reply, Sir John Simon told the Commons on March 14 that the time was approaching when the British Government would have to consider the question of security in much greater detail. He clearly used the word "security" to mean mutual guarantees; and his statement indicated that if the French note emphasized this point, it would receive full and sympathetic consideration.

While Great Britain waited for France to speak, the German reply to the last French memorandum was delivered in Paris on March 13 and published five days later. It added nothing new to the discussion. Its tone was studiously courteous and patient; in terms—if they could be interpreted literally—it was not unreasonable. It insisted on a return to equality, but at the same time asked only for defensive, not offensive, weapons. It promised that Germany would accept any form of international control to which the other powers would submit. As for the Storm Troopers, the Reich would agree to a rule forbidding such formations in any country to assume a military character. The reply also pointed to the recent German-Polish compact as an example of the non-aggression agreement which Germany would delight to offer all her neighbors. As every one knows, France and Britain insist that Germany shall rejoin the League *before* an arms agreement is signed. The note disposed of this by saying that *after* disarmament had been agreed upon, the time would come "to discuss with the other powers the question of Germany's future relationship to the League of Nations."

The French note to Great Britain immediately followed, being delivered to Sir John Simon on March 19. As expected, it was a flat rejection of the British scheme, and part of its wording reflected the strong feeling in French military circles. Paris declared that it could in no circumstances yield to the "exaggerated pretensions" to rearmament formulated by Germany. In particular, it objected to the German claim for a regular short-service army of 300,000 men, and for a large air force. The finance committee of the Chamber of Deputies, it may be noted, approved on March 10 a government request for 980,000,000 francs (about $64,680,000 at present rates) for new aviation equipment in 1934-35; while General Victor Duhain, Minister for Air, told the committee that France would have 6,000 military and civil planes by the end of this year. The French made it clear that they do not trust German promises, complaining that every new concession has led either to a new demand

or to a fresh treaty violation. Consequently, the essential problem was "guarantees of execution." They denied the German right to flat equality; Germany had a right only to such equality as was compatible with the security of her neighbors. In closing, they sharply condemned the British proposal for "an immediate legalization of a rearmament already realized in violation of the treaties—a rearmament which could be limited only with difficulty."

Thus the situation was left on April 1 just where it had stood when the British effort began, or nearly there. Only a few gains have been made. The discussion has clearly developed the fact that both Great Britain and Italy believe Germany entitled to a large measure of defensive armament. They do not want it too large; the British have spoken of a short-service army of 200,000 men as against the German demand for 300,000. But Mussolini told his audience in Rome on March 18 that it was "pure illusion" to think it possible to keep Germany defenseless. "It is necessary to grant Germany the right to rearm and to possess effectives and weapons for her defense." The fact has also been developed that France will continue to demand security, and that the only immediate prospect of breaking the deadlock lies in British measures which will grant it to her. Sir John Simon's words looked in this direction. It is significant that on March 28 Lord Tyrrell, former British Ambassador to France, handed M. Barthou a note asking the French to define more precisely their minimum demands for security, and also to state what they would be willing to do for Britain in the event of a breach of the arms convention dangerous to the latter country. It seems likely that future conversations will follow this line.

TOWARD ECONOMIC PEACE

The most substantial progress during March in the way of international agreements unquestionably lay in the economic field. On March 1 Walter Runciman, President of the Board of Trade, announced to the Commons the long-expected trade agreement between Britain and Russia. (See Professor Comstock's article on page 245.)

Still more important are the economic arrangements just made in Rome by Italy, Austria and Hungary. Of the three protocols signed by Chancellor Dollfuss, General Goemboes and Signor Mussolini, two dealt with economic questions. The three leaders declared for a more liberal exchange of products, and condemned the unhealthy tendency toward economic self-sufficiency. To increase their reciprocal exports, they agreed to conclude bilateral treaties, to be worked out by economic experts, before May 15. It is clear that these compacts should do much to make the three nations economically interdependent and to discourage certain artificial agricultural developments in Italy, and artificial industrial developments in Hungary.

Meanwhile, various minor economic negotiations were being carried on. Late in March much satisfaction was felt on both sides of the Channel over the progress of negotiations for a new Anglo-French commercial agreement. M. Lamoureux, French Minister of Commerce, with various colleagues, was received on March 13 at the Board of Trade offices in London, and views exchanged. The British complain primarily against French quota regulations, the French against British retaliatory duties. The roots of

the difficulty, however, go much deeper. During the years before 1931, after the franc had been devalued by four-fifths, while Great Britain was attempting to maintain the gold content of the pound, France enjoyed an undue advantage in trade. There was a large visible balance in her favor, and in addition an invisible balance representing expenditures by British travelers in France. The situation seemed to many Englishmen intolerably one-sided. After 1931 two remedial factors came into play—British tariffs and British abandonment of the gold standard. French exports to Great Britain sank to about a fourth of their previous level, while British exports to France were merely halved. This seemed to Paris to be carrying the remedy entirely too far, and the result was a set of resentful quota regulations. Now there is hope that a really fair balance of trade can be established on a footing of reciprocity.

Japan also has been involved in economic negotiations. Though the conference of English and Japanese business men on the cotton trade broke down in London on March 13, it was announced on April 4 that it would be renewed under governmental auspices. The failure of the first conference was not unexpected. The Japanese delegates, arriving last September, had held eleven meetings with representatives from Lancashire led by Sir Thomas Barlow. From the outset the Japanese refused to discuss the export of goods to any countries outside the British and Japanese Empires. The British wished to draw up price or export restrictions applying to all parts of the world; their visitors declared this impracticable, since there were many circumstances affecting world markets which neither Great Britain nor Japan could control, and since they were carrying on separate negotiations with Holland and other countries. But the door was left open for another effort, which is now to be made. In both countries there is a strong feeling that the cutthroat competition which has caused so much bitterness, and which the recent Indian and Egyptian limitations on Japanese imports have by no means stopped, must somehow be lessened. The Japanese Ambassador promised on April 4 that the discussions would be reopened "on a broad basis."

Other items of the same general purpose might be noted. Secretary Hull on March 5 announced the choice of Richard Washburn Child as a special adviser to visit Europe and investigate recent economic changes there. Mr. Child at once said that his chief object was to learn "whether Europe now is prepared to talk economic disarmament." Wheat experts from all over the globe gathered in Rome on April 5 for a renewal of conferences upon wheat prices and export quotas. Altogether, there are numerous evidences of a widespread desire to bring about greater sanity and a larger give-and-take in the treatment of international trade. In every important nation at least some leaders are urging that world recovery on a broad scale is impossible unless the narrow economic nationalism of the past dozen years is abandoned. The drop in world trade during 1933, according to a report of the League issued on March 2, was only $3,000,000,000 in gold value as against $13,000,000,000 during 1932 and $16,000,000,000 during 1931. If the movement now under way can only be pushed forward, the year 1934 should register a hopeful increase after four years of disastrous declines.

Roosevelt Turns to the Right

By E. FRANCIS BROWN

THE Roosevelt administration during March made one of its periodic swings from the left to the right. At least the superficial observer—and who these days dares to appear profound?—found support for such a view in the events that crowded upon one another in the last dreary weeks of Winter. Was the New Deal petering out? Perhaps not; yet those who had once feared its possibilities found cause to take heart, while others who had temporarily been filled with hope felt their spirits flagging.

Developments in the world of industry gave point to this thesis. Labor's portion, which only a few short months ago promised to be more than generous, now seemed about to be whittled away. (See the article, "The Odds Against Labor," on pages 141-148.) Fundamentally, what does labor desire? Three things: collective bargaining, shorter hours and higher wages. The first supposedly was guaranteed by the National Industrial Recovery Act; the administration has urged the other two upon industry time and again.

Though collective bargaining had proved elusive from the moment the NIRA was promulgated, it remained for the settlement of the threatened automobile strike to give the principle its hardest blow. The White House on March 25 announced that the series of conferences between the President, General Johnson and representatives of both auto workers and auto manufacturers had ended amicably. Both sides praised the settlement of the dispute, and only upon careful examination of the terms did it become obvious that once more—this time with official sanction—collective bargaining of the sort demanded by organized labor had been denied. By the terms of the President's settlement employers agreed to bargain with the representatives of a group or groups of organized workers—not necessarily those affiliated with the American Federation of Labor—and apparently this opened the way for company unions. Nevertheless, it was predicted that the strike had been postponed, rather than avoided.

In more ways than one this settlement was important. The auto manufacturers, always opposed to the unionization of their workers, had denounced all attempts of the American Federation of Labor to invade the motor plants and had refused to treat with representatives of A. F. of L. unions. This attitude they maintained throughout the negotiations to avoid the strike. But they were not alone. It was freely prophesied that should the independent unions obtain a foothold in the automobile industry, it would not be long before they would be knocking at the door of another stronghold of the open shop—steel. Both great industries have of late fostered company unions, which now seem to be firmly established as a bulwark against A. F. of L. invasion.

That the President's stand in the automobile strike furthered the company union was emphasized immediately when Senator Wagner, hereto-

fore outspoken in his hostility to company unions, agreed to permit the amendment of his trade disputes bill, which was pending in Congress, so as to recognize any company union that represents the free choice of the majority of the workers in a plant.

The Wagner bill, which as introduced would outlaw company unions and establish a permanent National Labor Board, was raked fore and aft by representatives of industry during Senate hearings on the bill. Moreover, after the settlement of the motor dispute, Henry L. Harriman, president of the Chamber of Commerce of the United States, went so far as to say that "the bill seems entirely unnecessary, in view of the very broad interpretation given to Section 7-A of the Recovery Act by the President in his settlement of the threatened automobile strike." By the end of March it was generally believed that the bill would not pass Congress and that it no longer had the support of the administration.

In the meantime, two classic struggles over collective bargaining—the Weirton and Budd cases—entered new phases. The Federal Government on March 20 sought an injunction in the Federal district court at Wilmington, Del., to restrain the Weirton Steel Company from violating the Iron and Steel Code and the labor provisions of the Recovery Act. Arguments on the suit were scheduled for April 30. Since the dispute has dragged along for many months and may well continue to do so, it would not be strange if labor came to regard as valueless any method, short of the strike, for securing its ends.

The Edward G. Budd Manufacturing Company of Philadelphia presented a somewhat different problem. On March 9 a poll of its employes was taken to determine the organization favored by the workers. This vote was contrary to the orders of NRA officials, who had asked a postponement until the protests of workers in independent unions could be considered. Though the company union emerged victorious, it was asserted that the result would have been different if 800 workers, who went on strike last November and were not re-employed, had been allowed to participate in the election. Ultimately a new poll was ordered, but proved a fiasco. Company union members stayed away when the company hinted that they might do so; A. F. of L. workers also boycotted the election because of the requirement that ballots be signed and because the men who replaced the 800 strikers were permitted to vote.

A final settlement of the Budd case was reached on March 29 when the A. F. of L. strike was called off. In return the company agreed to hire one striker for every other man taken on at the plant. Collective bargaining would be regulated, according to General Johnson, by the terms of the President's settlement of the automobile labor controversy.

While labor was failing to obtain the collective bargaining which supposedly had been assured by the Recovery Act, it was making some gains in regard to hours and wages. On April 2 it was estimated that about 1,000,000 workers had been affected by new wage and work schedules introduced in many industries.

The Code Authority for the refractories industry—the industry mines clay and manufactures crucibles, firebrick and materials used in iron, steel, glass and pottery—announced on March 9 that it was prepared to institute a thirty-six-hour week and to pay the same wages for the shorter as for the longer week. Several other Code Authorities also accepted the

Recovery Administration's request for a shorter working week. Moreover, on the eve of the impending auto strike, the Ford Motor Company restored its $5-a-day minimum wage to 47,000 of its employes. Soon after, fourteen motor companies increased their wage scales by 10 per cent and reduced the working week to thirty-six hours. The General Electric Company and the steel industry at the end of March also raised wages by 10 per cent.

Another important shortening of hours has been achieved in the bituminous coal industry. The United Mine Workers, requesting a seven-hour day and five-day week, threatened at the beginning of March to strike if their demands were not met. At the end of the month an agreement accepting the shorter working week was signed by representatives of the operators and miners in the great Appalachian area. An amendment to the Bituminous Coal Code, imposing the new working hours, was approved by President Roosevelt on March 31, thus putting the entire industry on a thirty-five-hour week.

The railroads have likewise been involved in labor trouble, but over wages rather than hours. The employers, who on Feb. 15 had sought a 15 per cent wage reduction, veered around and a month later withdrew the original request while asking that the existing 10 per cent reduction be retained until April 30, 1935. The unions thereupon countered by demanding the withdrawal of the 10 per cent cut after June 30, a demand that was changed on March 20 to a restoration of the cut and an additional 10 per cent increase. At this point President Roosevelt entered the controversy, suggesting that Joseph B. Eastman, Federal Coordinator of Transportation, mediate the wage dispute. Though both the railroads and the unions accepted Mr. Eastman as mediator, he was unable to settle their differences and at the end of March the whole question was dumped on the lap of the President.

Wage increases and shorter hours, while temporarily staving off strikes and other disturbances, do not meet the issue of labor organization. For the moment unionism has received a definite setback in this regard, as the weakening of the Wagner bill and the settlement of the auto strike make clear. Meanwhile, labor unrest continues in many small plants and labor as a whole wonders whether, after all, the promises of the New Deal are not illusory.

Although events in the labor world testified in particular to the administration's "rightist" swing, there were other straws in the wind—most notably the mysterious attitude toward the Fletcher-Rayburn bill for regulating the stock exchanges. In the beginning it was understood that President Roosevelt had approved the bill, but after it had been before Congress for about two months the story spread that the President had still to read the bill, although he favored some sort of stock exchange regulation.

Since the introduction of the bill on Feb. 9 its life has been of the stormiest. Hearings before the Senate Banking and Finance Committee and the House Committee on Interstate Commerce were filled with denunciation by representatives of all the interests likely to be affected should the bill become law. So loud were these protests that the bill was amended and revised. The new version, made public on March 19, liberalized margin requirements and decreed that not until Jan. 31, 1939, would the new requirements apply to loans now outstanding. Regulation of marginal trad-

ing would rest with the Federal Reserve Board instead of the Federal Trade Commission as provided in the original draft. Trading in unlisted securities would be permitted until March 1, 1935, the problem in the meantime being studied by the Federal Trade Commission.

But the new bill was forced to meet attacks similar to those launched against its predecessor. Furthermore, though presumably the revision had been undertaken with the aid of Treasury experts—and Representative Rayburn had said that the draft had been approved by the Treasury and the Federal Reserve Board—an adviser to Secretary Morgenthau declared on March 21 that the Treasury had expressed "neither approval nor disapproval" of the measure as amended.

President Roosevelt on March 26, just before leaving the capital for a holiday off the Florida coast, wrote to the sponsors of the bill that he was "definitely committed to definite regulation of exchanges which deal in securities and commodities." "The bill as shown to me this afternoon by you," he continued, "seems to meet the minimum requirements. I do not see how any of us could afford to have it weakened in any shape, manner or form." Could anything be more explicit? Yet persistent rumors maintained that the administration was lukewarm toward the subject and certainly, considering the speed with which administration measures have been passed hitherto, the delay attending the Fletcher-Rayburn bill gave rise to the suspicion that little White House pressure was being applied.

Once again there have been indications that attempts would be made to revise the Securities Act. Since it became law nearly a year has elapsed, during which few new security issues have been offered. The law is to blame, its opponents have said and continue to say. But early in April the administration had made no move to weaken the law. Furthermore, new financing in March showed a slight increase over previous months and there was reason to believe that factors other than the Securities Act were affecting security offerings.

One of the interesting changes in the Roosevelt administration as it began its second year was the silence which enveloped most of its members. What had happened to the preachers of the gospel of the New Deal? Where was Secretary Perkins during the automobile dispute? What had come over men like Mr. Ickes and Mr. Wallace, who have been regarded as exponents of the new faith? Did this lull presage a storm, or was it the calm that followed a tempest? Or was it another evidence that the administration had swung to the right?

CONGRESS AT WORK

Congress, with one eye cocked toward the impending primaries and elections, has pushed ahead with its program, administering on the way a couple of defeats to the President. The first of these—the refusal of the Senate to ratify the St. Lawrence Waterway treaty—was not wholly unexpected. Although President Roosevelt had asked for ratification earlier in the session, he failed to exert sufficient influence to save the treaty, which had been steadily attacked by a lobby representing, according to Senator La Follette, the railroads and the power trust. And so, on March 14, the treaty was lost by a vote of 46 to 42, having failed to obtain the required two-thirds majority.

The second administration defeat, perhaps because it affected the public

more directly, stirred up considerable feeling in the country. The Independent Offices Bill (see April CURRENT HISTORY, page 73), carrying amendments for veterans' benefits and Federal pay raises, was passed by Congress on March 28 over a Presidential veto. Passage of the bill followed a month of political manoeuvres in which the veterans' lobby played a most important part.

The bill, as sent to the President, provided for restoration of the 15 per cent cut in Federal salaries embodied in the Economy Act of last year. Five per cent of the raise would be retroactive to Feb. 1; 5 per cent would become effective on July 1, and the remainder would be restored at the discretion of the President. The clauses of the bill affecting veterans restored service pensions to men who had served in the Spanish-American War and 75 per cent of the allowances to all presumptive cases removed from the rolls by the Economy Act. These latter include all veterans whose disabilities are presumed to have been incurred during war service. It was estimated that the cost of the additions to the bill would add $228,000,000 to the budget for 1934-35.

President Roosevelt's veto, long forecast, was surprisingly mild in tone. He pointed out that no provision had been made to meet the added expense. He disagreed with the theory of service pensions and insisted that service-connected disability should be regarded as "a question of fact rather than a question of law." But Congress gave little heed and quickly passed the bill despite the President's disapproval.

Immediately two questions arose in the public mind. Did the action of Congress indicate that the President had begun to lose his grip on the legislative branch? Commentators replied "No." Members of Congress, it was said, were only building their political fences. But why did the President not make more of an issue of the restoration of veterans' benefits? Could it be that he, too, was playing politics, that his veto was designed only to please those who desired governmental economy? Or did Mr. Roosevelt believe that the issue was relatively unimportant when some of the other questions pending on Capitol Hill were considered?

In any case, the passage of the Independent Offices Bill raised anew the matter of taxation, although the administration quickly indicated that it would not ask for new taxes at this session. Meanwhile, the Senate had before it a revised version of a tax bill passed by the House. Senate revisions, including a capital stock and excess profits tax, as well as higher estates rates, would, it was estimated, increase the return from the $258,000,000 forecast by the House bill to $330,000,000. As soon as the bill was brought to the floor of the Senate so many amendments were offered that early in April the final shape of the law could not be even surmised.

Several highly controversial bills were before Congress during March. Among these were proposed laws for regulating the air mail, legislation introduced as an aftermath of the mail contract scandal. (See April CURRENT HISTORY, page 74.) A bill permitting the army to carry the air mail for a period of not more than one year was passed by Congress during March without much debate, since attention was focused on permanent legislation that would return the mail to private air lines. The McKellar-Black bill, introduced on March 9, would require the reorganization of the companies whose contracts had been canceled before new contracts would

be awarded to them. Routes and rates would be determined by the Interstate Commerce Commission. Moreover, the bill made it "unlawful for any company holding an air mail contract to buy, control or own directly or indirectly any stock or interest in any other company which is engaged directly or indirectly in any phase of the aviation industry." Officers of companies holding contracts would be subject to similar restrictions.

During Senate hearings on the bill prominent figures in aviation like Lindbergh, Clarence Chamberlin and Captain Rickenbacker appeared, the first and last of the famous trio attacking the bill in no uncertain terms. Meanwhile, the public remained undecided where its loyalties lay, though New York City movie audiences for the first time booed Lindbergh's screen pictures.

While Congress worked on legislation, the air mail was being carried by the Army Air Corps, but over far fewer routes than had been operated by the private companies. For a week in March, after a series of disasters, the service was wholly curtailed while the army reorganized its equipment and methods of flying. At the end of March Postmaster General Farley asked for bids for the private transportation of air mail over twenty-one routes covering about 18,000 square miles. Those companies whose contracts had been annulled, Mr. Farley said, were ineligible to bid, and certain others would be excluded until their personnel had been reorganized.

Of an entirely different nature, though no less controversial, was the bill granting the President power to negotiate reciprocal tariff treaties. After hearings at which Cabinet members appeared in support of the President's proposal, and after considerable debate in which the Republicans denounced the whole idea, the House on March 29 by a vote of 274 to 111 passed the measure. The bill as accepted by the House limited the President's power to three years and provided that "nothing in this act shall be construed to give any authority to cancel, or to reduce, in any manner, indebtedness of any foreign country to the United States." While Senate action on the bill was awaited, it became known that the State Department had selected twenty-nine nations from which it would seek to obtain special concessions for American goods on the basis of particular products to be sent to the United States from these nations.

The tariff bill is concerned with restoring American foreign trade. But several bills before Congress had as their aim the stimulation of business at home. One would extend loans to industries through the RFC; another—with administration support—would create a credit bank in each of the twelve Federal Reserve Districts under the supervision of the Federal Reserve Board, and the third, sponsored by Senator Glass, would allow Federal Reserve Banks to make loans to industry. The purpose of each of these bills is to make credit more easily available to business than it has been since the paralysis of credit facilities began nearly five years ago.

The Dies Silver Purchase Bill, passed by the House on March 19, seeks to aid agriculture and mining more than industry. By the terms of this bill surplus agricultural products would be exchanged for silver imported into the United States, "provided, however, that the price per ounce for such silver shall not be less than 10 per centum above the world market price of silver and not in excess of 25 per centum." Against the silver obtained in this way the Secre-

tary of the Treasury would be obliged to issue silver certificates which would be legal tender. At the end of March it was generally expected that the inflationary Dies Bill would pass the Senate.

And finally, two measures of especial interest to investors have been passed by Congress. Government guarantee of both the principal and interest of the bonds of the Home Owners Loan Corporation was embodied in a bill sent to the President on April 5. In addition the bill authorized the expenditure of $200,000,000 for the rehabilitation of existing homes, a provision expected to act as a spur to the construction industry. By the end of March the HOLC had lent about $350,000,000, although applications exceeded $3,000,000,000.

A Congressional attempt to lock the door after the horse was stolen gave rise to the Johnson Bill, which, on April 4, was sent to the White House. By this measure it would be unlawful for any one in the United States to buy or sell the securities or obligations of any country which "is in default in the payment of its obligations, or any part thereof, to the Government of the United States." Although one section of the bill would exempt from the law's provisions any corporation created by Congress or one in which the United States Government has a controlling interest, it was announced on the floor of the House that credit would not be extended to the Soviet Government through the Export-Import Bank until Russian debts to America—at least the Kerensky loans—have been settled Even before the Johnson Bill passed Congress, Secretary Morgenthau had ruled—under the terms of the Gold Reserve Act of 1934—that New York banks could not participate in a French loan being handled by a Dutch syndicate. Thus, if the President approves the bill, the United States will cease for the present to be a source of credit for most foreign nations.

BUSINESS OPTIMISM

The economic life of the nation, while Congress debated, continued to take on a more healthy aspect. To be sure, there were plenty of exceptions to the rule, and many of the statistics would not bear close scrutiny; yet on the surface at least things looked much better. *The New York Times* index of business activity stood at 85.9 for the week ended March 25; a month earlier it had been 84.5. Exports during February totaled $162,805,000, compared with $101,530,302 in 1933, while imports were $132,938,000 and $83,803,193 respectively. February foreign trade, however, was less than that of the previous month, since exports had declined from $172,224,000 and imports from $135,552,000.

Reports of the heads of some of the great corporations added to the general optimism that prevailed. Myron C. Taylor, chairman of the board of the United States Steel Corporation, declared at a stockholders' meeting on April 2 that the steel industry, now operating at about 48 per cent of capacity, was convinced that genuine revival lay ahead. A similar report was given by Alfred P. Sloan Jr., president of the General Motors Corporation, who said that the trend toward recovery was "irresistible."

Figures for retail trade, however, were not so encouraging. The New York *Journal of Commerce* reported that pre-Easter sales had been disappointing, and it was generally remarked that, while the dollar value of retail sales might have risen, volume remained stationary or declined. Moreover, the addition of liquor sales

to store reports further disguised the real situation, lending support to the belief that a buyers' strike against higher prices was under way.

Even the most buoyant had to confess that the unemployment figures made "recovery" appear specious. The American Federation of Labor estimated that 11,374,000 workers were idle at the end of February. To this number must be added the 2,000,000 thrown on their own resources when the CWA ended on April 1. The CWA during the four months of its existence spent $1,000,000,000 and cared for approximately 4,000,000 men and women. Henceforth, relief will be administered by local agencies, supplied in part with Federal funds, but unfortunately relief will be neither as liberal nor as widespread as under the CWA. Continued business revival may absorb many of the jobless—and then again it may not.

Conditions in agriculture, which have remained relatively unchanged during recent months, are better than a year ago, though they are still unsatisfactory. But recent Congressional action and policies adopted by the Agricultural Adjustment Administration are designed to bring at least temporary relief. The Senate on March 10 approved a bill previously passed by the House classifying beef and dairy cattle, rye, peanuts, barley, flax and grain sorghum as basic commodities. Later in the month the Senate passed the Bankhead Cotton Bill (see April CURRENT HISTORY, page 71) providing for the allotment of cotton production and levying a tax of 75 per cent of the market price on all cotton raised in 1934 in excess of 10,000,000 bales.

Sugar would also be made a basic commodity under the terms of the Jones-Costigan Sugar Bill which the House passed on April 4. The measure would place domestic sugar production and sugar imports on a quota basis.

The problem of milk has continued to plague the AAA. Secretary Wallace, speaking in Philadelphia on April 2, outlined the present program for ending hard times in the dairy industry. Surplus milk marketed for manufacture into cheese and butter would be reduced 10 per cent. A processing tax on butter fat content of milk would be employed to raise a fund to compensate the farmer for his reduced production. Mr. Wallace did not hesitate to admit that his plan was uneconomic and socially undesirable, but for want of anything better he recommended its adoption. As he said, "the argument against the evils of curtailed output might much better be made against an industrial policy which has permitted such curtailment of industrial production, for the sake of maintaining prices and profits, as to throw 12,000,000 people out of work and thus undermine our whole agricultural structure."

The United States Treasury announced on April 2 that the public debt at the end of March totaled $26,157,509,691, an increase of $4,795,000,000 during the past twelve months. Nevertheless, emergency expenditures have fallen below budget estimates and ordinary expenses were lower for the first nine months of the fiscal year than for the same period in the year 1932-33. Internal revenue during the nine months rose $527,000,000, customs $57,900,000, income taxes $26,163,000, Panama Canal tolls $2,000,000. Moreover, interest on the new public debt was somewhat below the average rate.

In this connection, particular interest attached to a Treasury announcement of April 2 offering the holders of about $1,005,000,000 in 4¼ per

cent Fourth Liberty bonds the opportunity to convert their bonds to a new issue of 3¼ per cent. The same privilege was extended to holders of $244,234,600 in 3 per cent Treasury notes which mature on May 2. If all the Liberty bonds, which were called on Oct. 12, 1933, should be converted, the government would save about $10,000,000 a year in interest charges.

LETTING IN THE LIGHT

Investigations and prosecutions have continued to hold the nation's attention. Though not the most important, certainly one of the best advertised was that concerned with the so-called brain trust. On March 23, during the course of a House hearing on the Stock Exchange Bill, James H. Rand Jr. read a statement by William A. Wirt of Gary, Ind., who maintained that members of the brain trust had told him last Summer that they were preparing for the overthrow of the American social system and that "Mr. Roosevelt is only the Kerensky of this revolution." Possibly there was a time when such words would have caused shivers to run down the American spine; in March, 1934, however, they produced only laughter and ridicule. Even newspapers opposed to the New Deal refused to take the Wirt charges seriously. The House nevertheless voted on March 29 to investigate the already famous Wirt discovery of "treason" in high places.

The Wirt incident, however, was far less absorbing than the new developments in that modern Arabian Nights adventure—the case of Samuel Insull. On the morning of March 15 Mr. Insull, whose return to the United States to face charges in connection with the collapse of his utilities enterprises had long been sought, was found to have disappeared from his apartment in Athens. Next day it developed that he had slipped aboard a small Greek freighter, the Maiotis. Already under sentence of expulsion in accordance with the Greek Undesirable Aliens Act, his departure in such fashion transgressed provisions of the law, and under government orders the Maiotis bore him back to Athens—not, however, for surrender into the waiting arms of agents of the United States Department of Justice, but apparently in order that port regulations could be complied with. This done, the vessel was allowed to put to sea again. For two weeks thereafter the ship steamed hither and yon through Mediterranean and Aegean waters until it was finally detained at Istanbul by Turkish authorities. There the fugitive was arrested; it was expected that he would be turned over to American authorities to be taken back to the United States. Meanwhile, the State of Illinois prepared to ask for extradition so that Mr. Insull might be brought to trial on the State charges of larceny and embezzlement as well as on the Federal charges of using the mails to defraud and of fraudulent bankruptcy.

Andrew W. Mellon, former Secretary of the Treasury, has been accused of many things, most recently of being involved in the air mail contracts made during the Hoover administration. But none of these accusations has ever been proved. That the former Secretary of the Treasury had evaded payment of the income tax has been alleged also many times and seems likely now to be aired in court, for on March 10 Attorney General Cummings announced that suits under the laws against tax evasion would soon be begun against Mr. Mellon, James J. Walker, former Mayor of New York City, and others.

The power trust at the beginning of April was faced with new attacks and

investigations, following the release by the Federal Trade Commission of documents which placed certain utility companies in an unfavorable light. On March 29 the commission published letters which apparently connected Warren T. Thayer, a New York State Senator, with the interests of the Associated Gas and Electric Company. The disclosures promised to lead to a legislative investigation in New York State of the influence of the power companies on the Legislature. Other documents released by the Federal Trade Commission revealed certain alleged questionable practices by the Associated Gas and Electric Company in Tennessee.

Senator Norris, on April 2, brought the activities of the power trust to the attention of the national Senate when, referring to the Thayer case in New York, he asked: "How many other men has the power trust in the New York Legislature? How many men have they in such positions in Legislatures throughout the United States?" The Associated Gas and Electric Company, he said, "has been manipulating elections not only in New York but down in Tennessee." When one recalls that the administration is at least sympathetic—perhaps even more than that—to publicly owned power plants, the disclosures of the Trade Commission take on added importance.

PHILIPPINE FREEDOM

Apparently the Philippines, whether they like it or not, are going to be independent. President Roosevelt, on March 24, signed the McDuffie-Tydings bill which will give the islands their freedom about 1945. (See April CURRENT HISTORY, page 76). Philippine leaders announced that the law would be accepted by their Legislature on May 1, the anniversary of Dewey's victory in Manila Bay. Though t Filipinos half-heartedly celebrated t signature of the independence bi they were undoubtedly apprehensi of the future, for independence w break existing economic relationshi as well as political ties.

In the United States enactment the independence bill left the publ unmoved. Certain agricultural inte ests were, of course, pleased at t prospect of ending Philippine comp tition with their products. Anti-in perialists and those who feared th the Philippines might be a *casus be* in some future Far Eastern confli were considerably relieved as it b came more certain that soon the lands would have to shift for them selves. But the country as a whole w apathetic, caring little whether or n the Philippines remained America Such an attitude seemed to give t lie to the charge that—in the Far Ea anyhow—the American people ha imperialistic ambitions.

CARIBBEAN DEPENDENCIES

Statehood for Puerto Rico was r quested in a resolution introduced the Puerto Rican House of Represe tatives in March. Pending the granti of statehood, autonomy was sougl including an elective Governor and t right to amend tariff laws. Aboliti of coastwise shipping laws which e clude all ships except those flying t American flag was likewise requeste

But statehood belongs to the futu and the present is concerned wi the more pressing matters dealt wi in the annual budget. During the f cal year 1933-34, the island had deficit of $1,100,000 and faces a other, though possibly smaller, one 1934-35 unless taxes are increased a economies effected. Returns from cu toms duties and excise taxes have be falling, as have those from the pro

erty tax. With tax collections on property slow, the situation is made worse by the fact that assessments have been written down approximately $50,000,000, bringing the total to the lowest point since 1921. The budget for 1934-35 at present carries $11,700,000, which will probably have to be raised by means of higher income taxes, a 7-cent gasoline tax, new liquor taxes, customs and various excise and property taxes.

The Virgin Islands promise to become a laboratory for certain social and economic experiments. The Department of the Interior announced on March 12 that the Virgin Islands Company would soon be chartered and, aided by $1,000,000 of PWA funds, would carry out a subsistence homestead project. The company will purchase 6,000 acres of sugar land, one-half of the profit from which will go to the island's welfare fund and the other half to the company's laborers and those who have sold sugar to the company. Two-room houses will be constructed on the acreage acquired by the company and sold to the inhabitants on long-term credit. The government of the islands also plans to own and operate a hotel at St. Thomas in an attempt to attract tourist trade.

Canada's Way Back

By J. Bartlet Brebner
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Antagonism to the United States has always been an ingredient in Canada's sense of nationality. Yet the two countries are continually facing almost the same problems, and whatever the United States dc s has a most potent influence in Canada. Thus during the past year the Roosevelt recovery program and its execution have been closely watched by Canadians and compared with the measures taken in the United Kingdom to restore prosperity. Actually, portions of the Canadian lumber and newsprint industries have informally come under the American NRA, and more recently employes in these industries have been demanding revision of hours and wages along American lines. At the same time there have been borrowings from Great Britain.

The pending legislation for the creation of a Canadian central bank has followed British precedents in the main, but when this measure and the accompanying act to regulate banking for the next ten years were in committee, the investigation was broadened to cover past banking practice, existing interlocking directorates, &c. Bank presidents were summoned to testify and were interrogated and criticized by members of the government and the Opposition, while Socialists and Liberals used the occasion to propound their individual and party programs.

The House committee which, under the chairmanship of H. H. Stevens, Minister of Trade and Commerce, is investigating marketing, price spreads and business practices generally, was told by witnesses of scandalous sweatshop practices, minimum wage law infractions and similar abuses. As a

result of these revelations there has been a widespread demand in Canada for Federal codes of fair practice in business and industry and for the investigation of monopolies. Chain stores, department stores and mail-order houses have also been under fire.

Meanwhile, bills setting up Provincial wheat boards have been introduced into the Legislatures of Manitoba, Saskatchewan and Alberta. These, the Dominion Prime Minister has explained, are to work with a joint Federal-Provincial board. On March 26 a bill to create a Dominion Marketing Board with extensive powers over the sale of all natural products, except minerals, in the raw and in some processed states was introduced at Ottawa. All this legislation was no doubt partly due to Canada's need to reduce her wheat production in accord with international agreement. The influence of the British Agricultural Marketing Act (and also the American AAA) on the Federal bill could be seen in its provisions for control of exports and imports, price spreads, and so forth.

During the same weeks T. D. Pattullo, the new Premier of British Columbia, using his majority of 34 to 11 in the Provincial Legislature, secured quasi-dictatorial powers to meet present and future economic emergencies. He outlined no specific program, and hostile observers felt that his main objective was to goad the Dominion Government into giving more aid (recently refused) to overburdened British Columbia. Mr. Pattullo, who has shown great capacity for keeping in the public eye, has embarked on the creation of a Provincial unemployment insurance scheme, and has set up an economic council which has already been termed a brain trust.

Constitutional reform is a matter often discussed in Canada today. When the Statute of Westminster was passed, the Dominion deliberately refused to take advantage of the opportunity to revise its Constitution, largely because French Canadians felt that the British North America Acts are in a sense treaty agreements guaranteeing French Canadian minority rights. But the depression has forced the Dominion to help certain of the Provinces and to consider national legislation which would limit production, insure employment and set up industrial and commercial codes of fair competition. In efforts of this kind the division of Federal and Provincial powers under the present Constitution is a great handicap, and it is becoming increasingly evident that there should be revision in the light of the experience of the last seventy-eight years.

Canada's continuing economic recovery is evidenced in many quarters. Employment has increased steadily, prices have risen, and even building has at last shown improvement. Bank loans to industry, however, have fallen. Figures for Canadian foreign trade thus far in 1934 reveal a gain despite the recent renewed decline in world trade. Even though imports have increased greatly, the trade balance remains favorable; exports in February, 1934, amounted to $37,842,000 as compared to $26,398,000 in February, 1933; and imports were $33,592,000 as compared to $23,514,000. Exports to the United Kingdom for the eleven months ending February, 1934, increased 20 per cent over those for the corresponding period last year, and those to the United States increased 31 per cent. Imports from the United Kingdom increased 20 per cent, while those from the United States fell 2 per cent.

While Canada's trade position is, in general, the best since 1931, wheat

exports have caused a good deal of anxiety, for they are about 6 per cent behind the quota of 200,000,000 bushels for 1933-34. Indeed, world figures would seem to show that the international export quota estimates are about 6 per cent too high. If the situation does not improve, or if it becomes worse, Canada is hardly likely to be able to export her expected quota of 270,000,000 bushels for 1934-35, and a bumper crop added to her present carry-over would leave her and the government (which has supported the market) in a bad position. With prices about 18 cents a bushel above those of a year ago, the government operations are said to show a profit, but the surplus is still to be reckoned with.

The defeat of the St. Lawrence waterways treaty in the United States Senate on March 14 met with a mixed reception in Canada. There were no signs, however, that Canada seriously contemplated building the canals alone, as friends of the treaty in the United States had hastened to announce. Canada has as large a financial burden as she can carry at present, unless currency manipulation is combined with canal-building to relieve unemployment. Prime Minister Bennett on March 19 again declared that neither the Dominion nor the Provinces would default on their debts or repudiate them, and pointed out that further conversion operations must await the maturity of Dominion tax-exempt bonds in 1937. In the meantime, most of the Provinces have been budgeting for deficits. The city of Montreal has received an ultimatum from its bankers. British Columbia and the Western Provinces, which are already being assisted by the Dominion in meeting relief payments, have been demanding better terms. The Dominion Minister of Finance has been watching the mounting revenues which accompanied increased imports and preparing his budget for 1934-35.

The Canadian National Railways showed a deficit of $59,000,000 for 1933. In consequence, the usual demands have been made for amalgamating them with the privately owned Canadian Pacific Railway to cut down wasteful competition. There were signs, however, of a sturdy resistance to the scheme, for from one point of view it would hamstring the public system to secure dividends for C. P. R. stockholders. What is more, there have been protests in Parliament recently against what seemed to be favoritism to the C. P. R. on those parallel runs where the trains of the two systems have for some time been pooled. Early in April C. P. Fullerton, chairman of the board of trustees of the National system, came out vigorously and bluntly against absorption by the C. P. R.

In the last days of the Ontario legislative session the government introduced a bill to relax the Province's rather rigid system of liquor control, presumably because of Quebec and American competition and of altered public opinion. It is proposed that beer and wine may be served with meals in Ontario restaurants and that certain minor adjustments of the present liquor law be made. The distillers of the Province have recently reaped huge returns from exports to the United States and some of them have built branch distilleries there.

Sandino: Patriot or Traitor?

By CHARLES W. HACKETT
Professor of Latin-American History, University of Texas

CONFLICTING accounts concerning responsibility for the assassination of General Augusto César Sandino and of Sandino's loyalty emanated from Central America during March. Earlier reports that a movement was on foot to justify the assassination as one of political expediency were confirmed on March 3 in an official announcement that a National Guard detachment on capturing large stores of arms and ammunition had found correspondence indicating that General Sandino had been preparing for the forcible creation of a Communist State. In the fighting that attended the capture of this material twenty-two Sandinistas were reported to have been killed and many others wounded.

According to other reports, evidence had been found on Sandino's body which showed that he had planned to overthrow the Sacasa government. All these accusations were stoutly denied by Gregorio Sandino, the father of General Augusto Sandino, at San Salvador on March 11. He charged at the same time that no effort had been made to punish his son's assassins, who were said to have boasted publicly in Managua of their deed and to have openly displayed evidence of it. The same day Soponias Salvatierra, former Nicaraguan Minister of Agriculture, whose life, with that of the elder Sandino, had been spared at the time of General Sandino's capture, reached Panama by plane. He alleged that the original plan of the assassins had called for the murder of both himself and General Sandino's father, and also that no attempt had been made to fix responsibility for the assassinations. That deficiency was supplied by Dr. Pedro José Zepeda. Long the personal representative of Sandino, Zepeda, in a statement at New Orleans on March 21, charged the crime directly to General Anastacio Somoza, head of the Nicaraguan National Guard.

CENTRAL AMERICA CONFERS

Two notable Central American conferences have been held in Washington since the beginning of the present century. The first concluded its labors in 1907, under the joint auspices of the United States and Mexico. Among its constructive achievements was the drafting of treaties which embodied the theory of non-recognition of governments established by force and the creation of a Central American Court of Justice. The second conference, which was sponsored by the United States alone, adjourned early in 1923. It drafted a number of important treaties, one of which reinforced the principle of non-recognition of revolutionary Central American governments. It was this treaty that was formally denounced by Costa Rica and El Salvador late in 1933, and whose principles were discarded last January by the other Central American States and the United States. (See March CURRENT HISTORY, page 726.)

Though the Central American States continue to believe in cooperation through conferences, they apparently

feel that they have outgrown the tutelage of Washington. Proof of this attitude is to be found in the Central American conference, which met at Guatemala City on March 15. Earlier in the month President Ubico of Guatemala sent to the Foreign Offices of the other Central American republics for their consideration the drafts of proposed treaties which are intended to take the place of those negotiated at Washington in 1923. These treaties are reported to follow the old ones in some respects, but also to propose radical changes. Their object, as stated in the preamble, is to assure peace among the five republics.

Notable provisions in the proposed treaties include the following: War is outlawed, the signatories agreeing that they "shall never resort to force to solve their differences." Provision is made for political neutrality, cooperation and assistance in re-establishing order; furthermore no country will permit within its borders any conspiracy against another government.

The limitations on the size of armies, fixed by the discarded treaties of 1923, are retained. The exportation of any class of war material from one country to another is prohibited in case it is to be used against another government. The use of poison and other gases is outlawed. The principle of non-intervention in the internal affairs of neighbor countries is recognized as obligatory. The absence of any legal way "of changing the public power other than that provided in the Constitutions of the respective countries," is recognized, and, "in cases where the order has been changed by any revolutionary movement there shall be no recognition until the new order has been legalized by the constitutional methods provided by law." (A similar but much less definite provision in the treaty of 1923 was primarily responsible for its being discarded.) Provision is made for the equivalent of Central American citizenship. Extradition is provided for certain specified crimes, except those of a political nature. Free trade between the countries concerned for their natural and manufactured products is established, and an effort is to be made to form a customs union with uniform duties on both exports and imports. An arbitral tribunal, presided over by the Chief Justice of the Supreme Court of a country not concerned in a dispute, is to settle all controversies and differences between signatory governments.

MEXICAN DIVORCE FRAUDS

The fraudulence of more than one-third of the documents purporting to be divorce decrees recently granted in the State of Morelos, Mexico, has been revealed as a result of an investigation conducted by the authorities of that State, in cooperation with the United States Consulate-General in Mexico City. A Department of State press release on March 20 estimated that "a considerable number of such fraudulent purported divorce decrees have been issued to American citizens."

LABOR CRISIS AVERTED IN CUBA

Strike conditions in Cuba, which bordered on civil war at the beginning of March, became increasingly serious during the early part of the month. The Mendieta government answered the challenge of radical labor with prompt and vigorous action and, in doing so, scored a significant victory.

As additional unions joined the strike movement and labor leaders tried to bring about a general walkout, the government, on March 5, arrested more than eighty labor agitators, while the streets of Havana were patrolled by troops. Two days later,

President Mendieta suspended constitutional guarantees throughout Cuba for a period of ninety days. He also decreed heavy penalties for native labor agitators and speedy deportation for foreigners convicted of creating labor disturbances. At that time the strike movement affected many industries throughout Cuba and no indication of an early settlement was apparent. To meet this situation, a Presidential decree on March 9 dissolved all labor unions that were then defying the "social emergency" law of Feb. 10, which authorized the government to terminate all strikes "endangering the nation." A second decree on March 9 prohibited municipal and provincial employes from organizing unions. Such unions as already existed were declared illegal and dissolved.

The government's first step to break the power of the labor unions was taken on March 10 when 500 strike-breakers were put to work on the docks, where operations had practically ceased because of a strike of stevedores. Most of the strike-breakers were recruited from the interior and were said to be members of the Nationalist party, to which the Mendieta government had appealed for support against the unions. The strike-breakers were protected by soldiers and marines, who patrolled the waterfront. At the same time the revolutionary ABC organization was reported to be trying to mediate between the government and striking Cuban Telephone Company workers. The decision of the dock workers and newspaper employes unions to return to work on March 12 brightened the prospects for an early solution of the Cuban labor difficulties.

By March 16 the government was in a strong enough position to make a friendly gesture to labor. A Presidential decree on that date authorized the reorganization under governmental supervision of all labor unions that had recently been forcibly dissolved and provided guarantees for workers who returned to their jobs within a specified period. Dispatches on March 18 indicated that labor conditions throughout Cuba were gradually returning to normal.

The ABC revolutionary organization presented a memorandum to President Mendieta on March 22, in which it demanded that the government formulate immediately a definite policy of administration. Proposals made by the ABC include the creation of a national currency system; the floating of a $50,000,000 internal loan; reform of the tax system; close supervision by the State of all public service enterprises; compulsory military service to replace the present army; and legislation for the protection of workers.

The Second Export-Import Bank, designed to stimulate trade between the United States and Cuba, was created by an order issued by President Roosevelt on March 9. It is capitalized at $2,750,000.

HAITIAN-AMERICAN ISSUES

A Haitian official delegation, headed by President Stenio Vincent, arrived in New York on March 26 en route to Washington for a conference with President Roosevelt and members of his Cabinet. The Haitian delegation sought to discuss problems arising from the proposed withdrawal of United States Marines from Haiti in October, 1934, and the Haitian debt of about $11,000,000 to American bondholders.

Chaco Insanity

By HENRY GRATTAN DOYLE
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THE Chaco question, which, since the settlement of the Tacna-Arica dispute, has been South America's most pressing international problem, still remains unsolved. The League of Nations Commission, for which the Pan-American Conference stepped aside, departed from Montevideo on March 14, leaving the situation virtually unchanged. In a statement issued before sailing, Alvarez del Vayo, the chairman of the League Commission, after describing the Chaco conflict as "one of the most senseless wars humanity has ever known," by implication called on the American nations to apply "sanctions" to force peace in the Chaco in fulfillment of the declaration that they would not recognize changes in territory brought about by force.

Paraguay and Bolivia still adhere to their original positions and still maintain their policy—understandable enough—of jockeying for every advantage. Each attaches to every statement of willingness to negotiate a condition which is entirely unacceptable to the other. Bolivia wants a *de jure* arbitration of the whole question of ownership of the Chaco, even to the extent of reconsidering the Hayes Award of half a century ago. Paraguay insists upon "guarantees" to maintain its superior tactical and *de facto* position, while insisting that the problem is purely one of demarcation of frontiers.

At the last writing the replies of the two countries to the League Commission's proposals had been received. Each laid down conditions already known to be unacceptable to the other. On March 10, however, Bolivia made a formal offer to begin direct negotiations with Paraguay under the auspices of the League of Nations, and this proposal the League Commission forwarded to Paraguay. The Paraguayans replied: "The Paraguayan Government has no faith in the efficacy of the new negotiations suggested by Bolivia, but it would be disposed to accept them if the League Commission has any hope they will be successful. These negotiations should not be limited to any fixed period of time but should be subject to termination whenever the League Commission or either Bolivia or Paraguay judges it useless to continue them. Independent of these negotiations, the League Commission should begin investigations regarding responsibility for the war and regarding violation of the laws of humanity."

Rumors of dissension in the Bolivian Government seemed to be borne out by the resignation on March 14 of the entire Cabinet. According to reports, several members of the Cabinet were not in accord with the government policy in the Chaco dispute, and criticized particularly the Bolivian reply to the League Commission's proposals. On March 23 a new Cabinet, headed by David Alvéstegui as Minister of Foreign Affairs, took office.

The old idea that Bolivia is primar-

ily interested in an outlet to the sea by way of the Paraguay River system was again brought forward by a report from Buenos Aires on March 10 that an Argentine Government commission was studying plans for a 450-mile canal across Northern Argentina from Oran, paralleling the Bermejo River, whose waters would feed it, and having its outlet into the Paraná River at Resistencia, 700 miles above Buenos Aires.

While negotiations for peace in the Chaco have been following their apparently aimless circle, fighting has gone on, adding to the estimated losses of 75,000 dead and wounded already suffered by the two countries. The Paraguayan Ministry of War on March 28 announced an overwhelming victory over the Bolivians at Cañada Tarija, northwest of Fort Camacho and 65 miles northwest of Platanillos. According to the report, 950 prisoners were taken and an entire regiment wiped out.

An Asunción report on March 28 indicated a change in Paraguayan strategy. According to this dispatch, the new objective of the Paraguayans is Villa Montes, on the upper Pilcomayo River, the vortex of all the Bolivian roads in the Chaco and the supply-point of the Bolivian Army. Cañada Tarija, where the recent victory occurred, is 186 miles east of Villa Montes.

THE LETICIA QUESTION.

Negotiations in Rio de Janeiro between the Colombians and Peruvians under the chairmanship of Afranio de Mello Franco, former Brazilian Foreign Minister, have proceeded so slowly as to cause concern in Geneva and in South American capitals. However, the arrival in Rio on March 15 of Jorge Prado Ugarteche, the new Peruvian Minister to Brazil, an advocate of friendly relations between Peru and her neighbors, brought about a renewal of activity, and on April 2 Dr. de Mello Franco returned from a vacation in Minas Geraes to Rio de Janeiro, where he was reported about to reopen the parleys for the presentation of a formula acceptable to both countries.

The need for more rapid progress in the negotiations is indicated by the renewal of reports of warlike preparations by Colombia. *El Tiempo* of Bogotá announced on March 23 that 14,000 new recruits were needed immediately and that draft regulations would be strictly enforced. It is reported that military training camps are being enlarged and increased. Four days later General Vladimir Klecando, a Czechoslovakian, former military commander of Prague, arrived at Bogotá on a year's leave, and it was said that he would act as military adviser to Colombia, although he called himself a simple tourist. Reports from Ecuador on March 25 that clashes had occurred between Colombians and Peruvians at Guepi, in the Putumayo region, were officially denied at Bogotá.

SOUTH AMERICAN PRESIDENTS

The Constituent Assembly of Uruguay on March 22 re-elected President Gabriel Terra for a four-year term beginning in 1935 and chose Alfredo Navarro vice president. The vote was 240 to 4, only the four Communists voting against the President. The result was expected, inasmuch as the Assembly membership was appointed by President Terra after his coup d'état of March, 1933, when he suppressed the Parliament and Administrative Council and abrogated the Constitution.

According to reports from Montevideo, the Central Committee of the Herreristas, a large political group, voted to recommend that its followers

abstain from voting in the plebiscite of April 19, when the proposed amendments to the Constitution adopted by the Assembly were to be voted upon. The Unión Cívica, or Catholic party, was likewise reported to have decided to abstain from voting in the plebiscite and to attack judicially the reelection of President Terra.

President Getulio Vargas of Brazil on April 3 announced, through the Minister of the Interior, that he would not be a candidate for election as President "unless drafted." The proposed new Constitution for Brazil was submitted to the Constitutional Convention on March 8 by the drafting committee, and it is expected that the convention will hold Presidential elections not later than May 3.

The President-elect of Colombia, Dr. Alfonso López, who will begin a four-year term in succession to Dr. Olaya Herrera on Aug. 7, pledged himself on March 20 to keep the people informed of the activities of his government both through the press and by radio. The President-elect also warned of the dangers inherent in the broad appointive powers of the President and his control of foreign affairs and the military forces. His program apparently includes development of greater legislative checks on the Presidency, in consonance with the democratic ideals of the Liberal party, which he represents. The greatest problem facing the new President is, of course, that of finances, to cope with which he is well equipped.

Threats to Australian Unity

By JOHN RAWDON

ABOUT a year ago Western Australia held a referendum in which a large majority of its 450,000 inhabitants voted for secession from the Australian Commonwealth, of which it is one of the six federated States. In the United States, which is accustomed to granting the importance of sectional interests, it does not appear so strange as it does to English commentators that so small a population should be willing to face the difficulties and responsibilities of independent statehood. Geographical factors are of overwhelming importance in Australia, which has fewer inhabitants than those of New York City, but an area almost exactly the same as that of the Continental United States. It is therefore natural enough that people who live in the remote regions should feel that their interests are neglected at Canberra, the Commonwealth capital, in favor of more populous districts.

Western Australia has been joined by other States, particularly Tasmania and South Australia, in protesting against the proportions in which revenue is allocated to Federal and State purposes. At Canberra, on the other hand, there has been a feeling that the Federal Government's powers should be increased if it is to function efficiently, for the Australian Constitution, like that of the United States, leaves the residuary powers to the States and not, as in Canada, to the Federal Government. As a direct consequence of Western Australia's threat of secession and of the discontent prevailing elsewhere, and on the

suggestion of Mr. Lyons, the Federal Prime Minister, a constitutional conference of the Federal and State Premiers met on Feb. 16 to review Australia's thirty-three years of federation. It immediately became clear that there was a sharp conflict of interest. Mr. Stevens of New South Wales was the only one of the State Premiers who defended the Federal Government's point of view; the others put forward various plans to obtain greater revenue for their States.

Prime Minister Lyons, in his opening speech, held out little hope of financial concessions, which would involve increased taxation and might threaten the Commonwealth's capacity to pay its way. He referred to a resolution by the five dissident Premiers which advocated, unless unification was the ultimate goal, amendment of the Constitution as the only way of putting the States on a stable financial footing, and he pointed out to them that they had not proposed any specific amendment. He deplored any suggestion that constitutional changes should be made on a depression basis, and suggested that the depression was the chief cause of their troubles. He then asked for Federal control of interstate shipping, of minimum wages and hours of labor, and of company law, films, aviation, broadcasting, unlawful associations and fisheries.

Premier Stevens of New South Wales, dissenting from the resolution, said that the States owed what credit they had to the Federal guarantee of interest on the whole public debt. He proposed, however, that the temporary grants to the smaller States should be made permanent, and that the Commonwealth should make some further financial concessions.

Acting Premier Menzies of Victoria said that the Federal guarantee was poor compensation for the per capita payments to the States which had been made before the years of crisis. He contended that, failing the adoption of a virtually unitary government (which no one seems to want) the Constitution must be amended to insure that the States would have sufficient financial resources "to discharge in their sovereign capacity the duties reserved to them." Mr. Menzies's views apparently did not impress the Federal Ministers, who were inclined to regard the financial difficulties of the States as temporary; but he was enthusiastically backed up by Premier Butler of South Australia, who said he would leave the conference if some concessions were not made, and by Premier Collier of Western Australia, who renewed the threat of secession. Sir Walter Lee, Premier of Tasmania, endorsed this threat.

Mr. Lyons, replying to the criticisms of the States, reminded the Premiers that the present conference was experimental and had no authority to accede to any of the proposals made, and that suggestions for constitutional reform had to be submitted to Parliament and to popular referendum. None of the State Premiers, he said, had made concrete suggestions in regard to the means whereby Commonwealth liabilities might be lessened in order to make concessions to the States.

The conference then went into committee and considered certain practical schemes concerning revenue. None of the proposals made were acceptable to all the participants, and the financial discussions were finally abandoned as abortive on Feb. 26, although the Commonwealth Government appears to have agreed that the necessity for a constitutional amendment would not be regarded as a bar to any proposal which was otherwise acceptable. In these circumstances the States

proved to be quite unwilling to grant the Federal Government the powers which it desired, and the conference broke up on Feb. 28. Its practical decisions were limited to the agreement that the Federal Government shall control whaling, pearling and *bêche-de-mer* (trepang) fishing, thus providing a romantic subject of study for Federal officials who live far from the sea, and permitting the ratification of the recent international agreement on whaling.

The States, with the exception of New South Wales, to which the Federal Loan Council granted the statutory borrowing authority for which it asked, were bitterly disappointed, but the conference was not entirely without result, for the discussion of constitutional problems was valuable and informative. One of the most important of the questions dealt with was interstate trade; a commission of experts is to be set up to recommend how a clearer delimitation of Federal and State powers can be made. Although the financial difficulties of the States (which collectively still have a budget deficit) remain to be solved, and the threat of withdrawal from the Commonwealth has not finally been staved off, their readiness to disagree on constitutional problems is perhaps a sign that the worst of Australia's economic troubles are over.

The exact nature of these troubles and the methods adopted to meet them are explained in Professor Douglas Copland's book, *Australia in the World Crisis* 1929-1933, which has recently been published in the United States.

Although Sydney and Melbourne, each with a population of over 1,000,000, contain about a third of Australia's inhabitants, the country's chief resources are agricultural, and the depression was felt early and severely. It became extremely difficult to find the interest on Australia's large foreign obligations; the farmers' income fell, and since their purchases fell, too, there was much unemployment in the cities. The government consulted a committee of economists, of whom Professor Copland was the chief, and was advised to adopt certain remedies.

First, the economists endorsed, as a means of preventing credit deflation, the depreciation of the currency which had already occurred, and which the Commonwealth Bank found little difficulty in maintaining at a given level. Second, they recommended comprehensive but limited deflation, including the lowering of wages. Third, they suggested an extension and cheapening of credit through conversion of public loans to lower interest rates. This affected external as well as internal bondholders, and was carried out with the cooperation of the London money market, while private interest, rents and so on, were cut by legislation. Fourth, no encouragement was given to any attempt to create an artificial scarcity by witholding raw materials from the market; the wool crop was sold each year for what it would bring, thus leaving a clear field for the future. Fifth, the tariff, which had been raised in 1930, was lowered, since the chief problem was to raise agricultural rather than industrial prices, and to facilitate exports.

Australia differs in its economic position from industrial countries in that its chief source of prosperity lies in the export markets, and wages are, more clearly than in other countries, rather an item in costs than a basis for increased demand. The theories of Australian economists, though they would not all find favor elsewhere, have nevertheless been very well borne out in practice, and

the prompt disposal of stocks has enabled the wool growers to take full advantage of the improvement of the wool market in Great Britain, America and Japan.

In Professor Copland's view recovery would have been more complete if the tariff had been further reduced, but the manufacturing interests and the industrial trade unions are now exerting a great deal of pressure to have it restored to its former level, in order to benefit by the increased wealth of the farmers. The unions are also beginning to demand a restoration of the wage cuts, although the Federal Arbitration Court has recently further lowered the minimum wage.

BRITAIN'S BUDGET SURPLUS.

The British Government had a surplus of revenue over expenditure in the financial year 1933-34, ended March 31, amounting to £31,148,000, which was approximately what had been expected. The Chancellor of the Exchequer, who was to present his budget on April 17, has been overwhelmed with advice as to how he should spend the money, and what he should do with the additional revenue which will come in during the next year if taxation remains unchanged. The Archbishop of York in a letter to the London *Times* stated his firm conviction that the first claim on any surplus was held by the unemployed, whose insurance benefit was cut by 10 per cent in 1931. This humane view was opposed by certain orthodox economists and Conservatives on the ground that a reduction in income tax would be far more effective in restoring prosperity, and thereby reducing unemployment, than would be an increase in payments to the unemployed. This view was somewhat vitiated by the fact that those who presented it are for the most part income-tax payers themselves.

Certain commentators drew attention to the fact that if the full war debt and normal internal debt redemption payments had been made, there would have been a deficit, but this statement ignored the equally important fact that there have been no receipts on war debt and reparations account, and that the obstacle to war debt payments lies, as the British notes have pointed out, rather in the sphere of international trade than in the mere capacity to collect the necessary revenue.

The British estimates of expenditure during 1934-35 on the three departments of defense all show a slight rise as compared with the previous year, and the British Government has therefore been accused of taking part in an armaments race. Two facts show this view to have little foundation. First, the total increase of £4,750,000 is chiefly devoted to naval construction, and is far from being comparable to the increases under that head made by other countries. Second, the air and army estimates are still below the level of expenditure in the last year of the Labor Government, which was noted, if at all, for its pacifist attitude. There is, of course, always the possibility that supplementary estimates may be made, but credit should at least be given to the British Government for delaying expenditure as long as there is hope for a disarmament agreement.

Politically the most significant recent event in the United Kingdom was the victory of the Labor party in the London County Council election on March 8, when a Municipal Reform (Conservative) majority of 42 was converted into a Labor majority of 14. The Liberal party, which previously held six seats, was

completely eliminated, and the present representation is: Labor, 69; Municipal Reform, 55. The new council met for the first time on March 14 and elected as its chairman Lord Snell, a former member of the House of Commons.

The Municipal Reformers attributed their defeat to apathy on the part of the voters, and pointed to a 33 per cent poll as evidence. They might have been reminded, in reply, that they received a steady, gradually rising vote of about 280,000 in the four elections since 1925, whereas the Labor party increased its vote from 232,000 in 1925 and 214,000 in 1931 (the year of Labor's débâcle) to 338,000 in 1934. A smaller proportion of the voters went to the poll in 1931 than this year. It seems, therefore, that the Labor voters were as apathetic as the Conservatives.

Apart from its value as an indication of the way the political wind is blowing, even if the local elections are far from being an accurate weather vane, the most important result of the election has been to turn public attention to housing and slum clearance. A large proportion of London's population is deplorably housed, and its new government is turning its first energies to correcting this state of affairs. This will undoubtedly involve an increase in local taxation, which the Labor party openly demanded in its election manifestos. The increase will not be so great as the Conservatives tried to frighten the electors into believing, but it is sufficient to perturb those who see no hope for national recovery except in the reduction of public expenditure.

The publication of the London County Council housing plan was shortly followed, perhaps only by accident, by the production of a national scheme of slum-clearance and housing through government aid to approved projects of local authorities. In many parts of England the "council houses," put up with the assistance of government subsidies, are a most notable feature in the landscape, with their red roofs and rough-cast walls. They are far from beautiful, but, built as they are according to minimum specifications, they do provide adequate living quarters at a moderate sum for working people. The National Government, in its enthusiasm for economy, cut down the housing subsidies despite the theories of those economists, like J. M. Keynes, who believed in the stimulation of employment and industry by selected public works. The slowness which it has shown in resuming the encouragement of building has not added to its popularity, and Sir Hilton Young, the Minister of Health, has been accused of lethargy. Now, at last, something is to be done on a large scale.

THE IRISH BLUE SHIRTS

The bill restricting the wearing of political uniforms in the Irish Free State was passed by the Dail Eireann on March 14 by 77 to 61, though the government offered to reconsider the measure if the Opposition would stop wearing their blue shirts. As was expected, the Senate killed the bill on March 21 by a vote of 30 to 18. Mr. de Valera's government promptly introduced into the Dail a bill to abolish the Senate. Since the bill is sure to be rejected by that body it will take eighteen months, under the Irish Constitution, before it can be passed over its head. In the meanwhile much may happen. General O'Duffy, the Blue Shirt leader, continues to gain popularity by his appeal to youth, his enthusiasm for games and outdoor sports (he has been referred to as the "Dancing General") and the spirit

and vigor of his attack on the government; but he is, after all, rather a campaigner than a practical politician. It is difficult at present to know how an election would go, since Mr. de Valera is still strongly in the saddle, and does not necessarily lose popularity in the same degree that the General gains it.

Mr. de Valera's customary St. Patrick's Day address to his American compatriots made great play with the economic success which he says he has achieved, and there were comparatively few references to Anglo-Irish relations.

A storm in a teacup was raised over the new American Minister's presentation of his credentials direct to Mr. de Valera in his capacity as Foreign Minister, instead of to the Governor General, or Seneschal, as the Irish prefer to call him. That office has been reduced to a mockery by the appointment of an ardent Republican, Donal Buckley, and the incident has little significance

THE EARTHQUAKE IN INDIA

The earthquake which took place in Northern Bihar, India, on Jan. 15 was probably the largest ever recorded. Its epicenter of 135 miles in length was about six times as large as those of the Japanese and New Zealand earthquakes of recent years. The damage was immense; in an area of about 140 miles by 90 miles all solid buildings were destroyed. The death roll amounted to only about 10,000, chiefly because the earthquake took place at a time when many of the people, who are chiefly agriculturists, were out of doors. The crops suffered severely, and witnesses who have surveyed the country from the air speak of the whole district as having been overlaid by sand and water cast up through the crevices in the earth. Much destruction of property and many deaths occurred outside the district of greatest devastation, and the shock was felt and caused alarm over an area as great as that between the Great Lakes and the Eastern seaboard between Maine and North Carolina.

Gandhi is cooperating with the government by using his influence to secure help for the devastated regions, and has been made chairman of the unofficial Central Relief Committee. The cost to the governments of Bihar and Orissa and of India will be immense, since temporary dwellings have to be erected for hundreds of thousands of people and twelve towns must be practically rebuilt. A large sum of money has also been collected by the Lord Mayor of London for relief; but the chief burden must fall, unfortunately, on the inhabitants of the country, since for many of them their sole source of livelihood, the land, has been so violently disrupted as to be uncultivable.

Sir George Schuster, in presenting his last Indian budget on Feb. 27, made a financial review which can compare favorably with that of any other country. Despite the provision of a grant to Bihar and Orissa and adequate allocation to debt redemption, there is a surplus of 19 lakhs of rupees (about $600,000). A new source of revenue in the form of excise taxes is to be tapped in future in order to provide revenue for education, health and other "nation-building" services. The international balance of payments and trade of India has also returned to a satisfactory level, and this, as well as the improved budgetary position, is very largely due to the continued outflow of gold that was being hoarded. The budget was well received in the Legislative Assembly.

A Lull in the French Storm

By GILBERT CHINARD
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THE political truce declared by all the French parties except the Communists when former President Gaston Doumergue left his rural retreat to head a national Ministry was seriously threatened even during the first week's existence of the new Cabinet. Only the fear of public opinion persuaded the reluctant Deputies to vote the extraordinary powers asked by the government. There was especially strong opposition to M. Doumergue's requirement that the Chamber should adjourn for two months—until May 15. After a short but very tumultuous session the government's plan for a recess was finally adopted by the Chamber on March 16 by a vote of 376 to 198, not an impressive majority. Thus freed for the time being from parliamentary criticism and opposition the new government began its task of reconstruction.

Premier Doumergue and his colleagues had first of all to deal with the financial problem. In some respects the treasury situation had improved during the first weeks of March; withdrawals from the government savings banks had ceased and holders of treasury bonds had shown more willingness to renew their obligations. The condition of the Bank of France had also grown steadily better, the outflow of gold having stopped almost instantly with the formation of the new Cabinet. Between March 2 and March 9, the gold reserve of the bank increased by 52,000,000 francs, which was interpreted as a sign that the drain on the gold reserve had ended. Once again the French Government could allay the fears of the public, and declare, even more energetically than before, its intention to maintain the franc on a gold basis. Speaking before the American Club on March 22, Finance Minister Germain Martin declared that a second devaluation of the franc within a generation was impossible and recalled the internal disorders which resulted from an 80 per cent devaluation in 1926.

Since inflation was repudiated, the only alternative left to the government in its effort to re-establish some sort of order in public finance was a deflation of the budget, which admittedly showed a deficit of almost 4,000,000,000 francs. At a meeting of the Cabiet on March 29, economies totaling 2,585,000,000 francs were approved. This amount is to be obtained by reducing the number of civil servants by 10 per cent, by cutting the salaries of the remainder by 5 to 10 per cent and by lopping 300,000,000 francs from the army, navy and air estimates. These measures were not adopted without violent opposition on the part of Labor Minister Marquet and Education Minister Aimé Berthoud, who demanded that these reductions be accompanied by constructive measures against unemployment. This protest was echoed by the Central Committee of the Confederated Association of Public Servants, one of the largest groups of civil servants, and by the postal employes

union, which adopted resolutions condemning the government's economies. They vehemently denounced deflation, which, they declared, "has failed in all countries which have tried it, and will automatically lead to an aggravation of the crisis and the growth of poverty in the country."

Three Cabinets have fallen during the last twelve months over this question of economy, and it cannot be denied that strong inflationary forces are moving against this part of M. Doumergue's program. It is to be noted, however, that the civil servants did not threaten to call a general strike for they would receive very little public sympathy if they did under present conditions. M. Doumergue refused to discuss for the present the question of war pensions, indicating that the allowances to the veterans would not be reduced unless it was absolutely necessary; but more cuts and new economies will have to be agreed upon if the budget is to be really balanced.

That the French public is still restless and in a dangerous mood was clearly shown by various incidents which accompanied the investigations now going on before the commissions appointed to probe the Stavisky case and the conditions under which the police fired on the crowds in Paris on Feb. 6. There is certainly no sign of a political truce in the newspapers published by the extreme Right and the extreme Left, and their articles have been supplemented by posters containing charges and counter-charges.

During March the inter parliamentary commission of forty-four members held regular and sometimes dramatic sessions without in any way clearing up the mystery surrounding Alexander Stavisky's activities and death. Madame Stavisky still remained in prison in spite of her repeated requests to be released on bail. She appeared before the commission on March 6 and withstood questioning without giving any information of value. She said that, though at first she believed that her husband had killed himself, she "had been told so many things" that she no longer knew what to believe. Several members of the commission, after viewing newsreels which showed Stavisky on his deathbed, expressed doubt that he had committed suicide, thus echoing the suspicions of the Right press. On March 20 a new autopsy was ordered. After the body of Stavisky was returned to Paris, a new post-mortem held on March 24 confirmed the original verdict.

In the meantime new arrests had been made and several persons implicated in the scandal had tried to kill themselves. On March 6 former Deputy Edmond Boyer, accused of receiving 800,000 francs from Stavisky, attempted suicide. On March 17 Emile Blanchard, a high official in the Ministry of Agriculture, who was threatened with arrest on a charge of aiding the Bayonne swindler took poison, slashed his throat with a knife and was found unconscious in the Fontainebleau forest. He died later. On the same day Eugène Tribout, who conducted a Paris gambling house, was arrested on a charge of receiving Stavisky checks amounting to 800,000 francs and the next day his partner, Adrien Cerf, was also jailed. Their establishment was described as the meeting place for numerous suspects in the murder of Judge Albert Prince.

The political element was again injected into the case when a check stub for 2,000,000 francs in the name of Louis Proust, president of the Republican Committee of Commerce and Industry, a Radical Socialist organiza-

tion, was found among Stavisky's papers. M. Proust issued a flat denial that he had received any money, and it was later shown that the check had been cashed by a Stavisky agent named Gustave Tissier, who is now in jail. The investigators, however, were successful in tracing to London jewels valued at $35,000, which belonged to Stavisky, and records of a bank account at Geneva amounting to 30,000,000 francs ($1,974,000) were discovered and seized by the Swiss authorities. Unfortunately, the account had been closed a few weeks before.

As if the accumulated mysteries were not dark enough, Deputy Philippe Henriot on March 23 accused Stavisky of complicity in the murder of Jean Galmot, an adventurer and former rum-runner who, in 1928, got himself elected Deputy from Cayenne, capital of the French penal colony of Guiana. In the course of riots which followed Galmot's suspicious death, five persons were killed. It was asserted that Stavisky had plotted to overcome the small detachment of French troops at Devil's Island and Cayenne and to liberate the convicts. His alleged intention was to make the latter citizens of an independent State with Galmot as the titular head and himself as the real power.

Public opinion was even more disturbed by the assertion published in *Le Temps* and other newspapers that 1,200 pieces of evidence in the Stavisky case had disappeared since the hearings on Jan. 27, and by the fact that very little came out of the examination of the stubs in Stavisky's check book. The irritation of the populace manifested itself on several occasions. Seven men arrested in Bayonne in connection with the pawnshop scandal were mobbed by workers when they arrived in Paris on March 20. Two days later, when René Renoult, former Minister of Justice, attempted to plead a case before a judge whom he himself, when in office, had appointed, he was hustled out of the Palais de Justice by his fellow lawyers, who shouted "Down with Stavisky." Two lawyers who had been prominent in the case have tried to commit suicide; two others are in jail. In all, nineteen persons have been arrested; three are free on bail and five have been charged but not arrested.

No more satisfactory to the popular sense of justice were the results attained by the parliamentary commission on the "revolt" of Feb. 6. On March 9 the commission brought out definite figures on the casualties. Among the civilian population there were 17 deaths and 627 wounded, without counting those treated at home or in private hospitals. Among the military and the police there were one killed and 1,664 wounded. An examination of the horses of the Mobile and Republican Guards showed that none was injured by bullets, which seems to indicate that most of the shooting was done by the Guards. Police officials and officers of the Guards asserted that their men fired without orders, motivated by "spontaneous personal reaction," and under the impression that they were shooting in self-defense. It was also proved that only pistols were used by the police and that neither rapid-fire rifles nor machine guns had been employed.

On the other hand, the chief of the Sûreté Générale and the director of the police of the prefecture, who had investigated the nationalist and veteran organizations, expressed the conviction that there was no collusion between them and no organized movement to overthrow the republic or plot against the safety of the State. (See M. Mennevée's article, "The Plot

to Kill French Democracy," in CURRENT HISTORY for April.) Yet when former Premier Daladier appeared before the commission on March 7 he asserted that he had faced a plot to overthrow the government by force and placed the responsibility squarely on the veterans' society, the Croix de Feu. As if to counteract this accusation of a semi-Fascist plot, M. Chiappe stated that Eugène Frot, then Minister of the Interior, had recruited a secret force composed of dissident Socialists, former Communists and former Royalists and that he had informed M. Daladier to that effect as early as Jan. 27. This was indignantly denied on March 10 by M. Frot. Insisting that there was a revolutionary plot, he declared: "I am convinced that on Feb. 6 at least part of the rioters systematically desired to penetrate to the Chamber of Deputies. I could demonstrate this in the clearest fashion with the aid of a statement emanating from the organizations themselves after that night."

The testimony of March 17 tended to show that M. Frot had attempted to organize a group of younger men in and outside Parliament to "run the country by legitimate means." A municipal councilor of Paris, Le Provost de Launay, asserted that M. Frot had told him that he had even discussed the matter with representatives of the powerful Comité des Forges, the armament and heavy industries syndicate, and that he was ambitious of forming a new government. Similarly, Gaston Bergery, former Deputy of the Radical Socialist party, declared that the Jeunesse Patriote, Camelots du Roi, Croix de Feu and the Solidarité Française were armed on Feb. 6, and he maintained that the organizations of the extreme Right were acting in concert.

On March 26 the parliamentary commission became so alarmed by reports that the extreme factions of the Right and Left were arming that the government was requested to take measures to prevent them from obtaining weapons from dealers. Yet Maurice Real del Sarte, leader of the Action Française, declared that the members of his organization were not armed and he added: "We have no depot of arms, and I regret it extremely." In a series of raids conducted by the police throughout Paris and the suburbs, hundreds of rifles, swords and bayonets and stocks of ammunition were seized. But only two arrests were made. On March 29 the government demanded the strict application of the law of 1831 regulating the sale of arms of all sorts to individuals; but no request was made to surrender arms in the possession of a great number of former soldiers, presumably kept as war souvenirs. On the whole, no evidence of any plot was discovered; but accusations that the factions of the extreme Right were arming were renewed by M. Frot, who maintained that "a putsch is inevitable," and that "unless the government disarms the Fascist, Royalist and Nationalist organizations it will render inevitable the arming of the Left and extreme Left forces."

Taking a sober view of the situation, M. Perrier, head of the information section of the Police Générale, estimated the strength of the different societies which might be suspected of planning a putsch as follows: Action Française, membership 60,000, riot strength in Paris 1,200; Jeunesse Patriote, led by Right Wing Deputy Pierre Taittinger, 90,000, riot strength, 2,000; Solidarité Française, organized by former Senator Pierre Coty, 180,000, riot strength 1,500; Croix de Feu, 165,000, riot strength,

1,500; Taxpayers Association, membership 700,000, riot strength, nil. He added, however, that no cooperation existed between these different organizations and that they had no common program.

Outwardly at least, this view seems to have been borne out by the attitude of two veterans' groups. The Croix de Feu at a meeting held on March 11 repudiated all revolutionary intentions and congratulated themselves on having contributed "to the present truce." They further maintained that all parties were represented in their organization, which is growing fast since the sons and relatives of veterans decorated for bravery at the front have been invited to join. And on March 25 the Council of the National Federation of Veterans, which has 3,000,000 members, rejected violent methods and passed a resolution stating that they were "firmly attached to the republican régime and resolved to defend the liberties which are at its base."

At the present time only the extremists of the Right, such as Charles Maurras, press for "a quick civil struggle, decisively terminated by the victory of order and of the nation." (See Charlotte Muret's article on page 157 of this magazine.) But danger of more troubles and demonstrations seemed evident enough for Premier Doumergue to address the country on March 24. In a nation-wide broadcast, M. Doumergue told France that she must save herself at once from financial catastrophe and "civil war," warning that such strife would lead to foreign invasion. He gave his promise to punish the guilty "whose impudence and immunity have very justly exasperated the whole of the nation." Sharp fighting, however, took place in the provinces on the same day.

BELGIAN FOREIGN POLICY

In a speech delivered before the Belgian Senate on March 7, Prime Minister de Brocqueville emphasized the dangers to Belgium of German rearmament and pointed out that the Versailles treaty and the Locarno pact had failed to prevent it. Only a preventive war, he declared, could now check Germany, but he added that such a war would be criminal folly. The sole alternative would be the frank recognition that the only guarantee of peace would consist in a return to the old policy of mutual understandings. This speech, which was at first considered as a repudiation of the policies followed by France, was later satisfactorily explained after a visit of M. Barthou, the French Foreign Minister, to Brussels on March 27. On this occasion the foundations for a new commercial treaty with France were laid, and it was reported that Belgium would obtain a relaxation of the quotas and restrictions which have greatly impeded her trade with France.

According to the Belgian economist Fernand Baudhuins, however, Belgium's economic position is highly critical. He declared that the country was industrially unable to compete with Great Britain, the United States and Czechoslovakia and that, unless British prices rose, Belgian prices would have to be brought down to keep Belgium on the gold standard. At the annual meeting of the shareholders of the Bank of Belgium, Governor Louis Frank declared that the Belgian franc was covered by 68.08 per cent of gold bullion instead of the 30 per cent required by law. He emphasized the fact that the stability of the gold reserve had not been in any way affected by the fluctuations of the dollar.

German Unemployment Wanes

By SIDNEY B. FAY
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WHEN Hitler became Chancellor of Germany in January, 1933, the registered unemployed in Germany numbered almost exactly 6,000,000, or about one-third of the total working population. During the following months the new government succeeded in reducing the figure until at the end of November it was only 3,715,000. During December, owing to the extreme cold and the stoppage of much outdoor work, the number of unemployed rose again to slightly over 4,000,000. But during January, in spite of the unfavorable seasonal influences, it was reduced to 3,772,000, and, what is even more remarkable, during February, to only 3,374,000, the lowest figure in four years. This is an achievement of which the Nazis justly feel proud.

Germany's success in February, 1934, is all the more notable when compared with the figures for the same month in previous years. In February, 1933, the decrease in the number of unemployed was only 13,000, while in the three preceding years, in accordance with seasonal tendencies, there was a considerable increase: 150,000 in February, 1930; 80,000 in February, 1931, and 85,000 in February, 1932.

These figures, however, need some qualification and explanation. Their accuracy is often questioned abroad, either because writers doubt Nazi honesty, or because they do not understand the German statistics. The figures given above of registered unemployed include those who are receiving unemployment insurance or other welfare support. In addition, there is, as in every country, a considerable body of "invisible" unemployed for whom there are no available statistics. These have been estimated at about 2,000,000 for Germany. During the past year the number has been somewhat reduced, but exactly to what extent it is impossible to say.

The figures for the decrease in unemployment are paralleled and authenticated by the wholly separate figures for the increase of the employed, revealed in the statistics of the Sickness Fund Bureaus (*Krankenkassen*). These show an increase of those employed from 11,500,000 at the end of February, 1933, to 14,000,000 at the end of February, 1934.

The general improvement in Germany during the past year has been due to a number of factors, many of them similar to those in the United States. There has been a considerable natural pick-up in German business, especially in the building trades and in agriculture. Employment has been extended to larger numbers by reducing the working hours per week to forty or thereabout, and by reducing the average working day from 7.33 to 7.19 hours. The Berlin government has aided in the financing of new building and of repairing or reconditioning old buildings. It has also provided means for public works on a large scale, especially the construction of fine new cement auto highways.

Part of the employment consists of so-called "substitute" employment, in which wages are merely nominal. This consists of work in the voluntary labor camps, emergency farm work, and emergency relief work. Nearly 1,000,000 persons are engaged in this "substitute" employment: 280,000 in the voluntary labor camps, including 10,000 women and girls; more than 250,000 who have been sent to the country as agricultural helpers; and some 300,000 in emergency relief work.

Another, although relatively slight, reason for the improvement in unemployment figures is that Nazi policies have created both new jobs and vacancies in existing jobs. Several thousand women have been taken out of work by marriage, encouraged by a government money grant or loan which has aided them in setting up a home, while other women have been dismissed from their places and the vacancies filled by men. The marriage index reached a maximum of 15.7 per thousand of population in December, compared with 10.6 last June and only 4.9 in January, 1933. One must bear in mind also the vacancies left by those who were put into concentration camps, dropped from office by the Nazis, or forced to flee abroad.

In a characteristically dramatic speech at Unterhaching, near Munich, on March 21, Chancellor Hitler reviewed the unemployment problem, pointing out the great achievements of the year past and the great tasks still to be undertaken. During the coming year some 150,000,000 marks is to be spent to enable 200,000 girls to become brides and found their own households while leaving their jobs free for men. Equally sweeping measures were outlined for increasing the number of female domestic helpers. The Chancellor warned employers that high dividends are less important than a reduction in the number of unemployed workers. Like Dr. Schacht, he declared that the financing of unemployment would not be brought about by any inflation or devaluation of the currency.

DECLINE IN GERMAN EXPORTS

During the first ten months of 1933, in spite of boycotts and other disturbances to Germany's internal economy, there was an increasingly favorable balance of trade. The surplus of exports over imports rose from 23,000,000 marks in January, 1933, to 98,000,000 in October. But in November and December it fell alarmingly to less than half the latter figure. In the first two months of the present year the same tendency continued, bringing about, for the first time since 1929, an unfavorable balance of trade. The surplus of imports over exports in January was 22,000,000 marks and 35,000,000 in February.

The decline in exports was caused mainly by a shrinkage in the export of coal and coke (to the extent of about 10,000,000 marks in February) which was not offset by a slight increase in the export of finished goods. Another cause was the decline in prices paid for the goods by foreign countries on a devalued currency. Though the value of the exports declined 13,000,000 marks in February, as compared with January, the actual volume of goods exported remained almost exactly the same.

The continued foreign boycott against German goods also probably had its effect. In New York, for instance, R. H. Macy & Co. reported that their orders placed in Germany for the six months ended Feb. 28, 1934, totaled only $2,800, as compared with $127,000 for the corresponding six months of 1932-33—a decline of

98 per cent. The company therefore had decided to close its Berlin office "owing to consumer resistance to goods of German origin." Similar action was taken by Gimbel Brothers, Bloomingdale Brothers, and Woolworth's chain of 1,941 stores. A far more important cause, however, for the disappearing market for German goods is the fact that Russia, irritated by the treatment of the German Communists and by Germany's peace pact and commercial arrangement with Poland, began to shift purchases from the Reich to other countries.

The increase in German imports was caused mainly by a rise in imported raw materials, mainly wool, cotton, copper, aluminum and oil fats (altogether about 13,000,000 marks), which was partially offset by a decrease in imported foodstuffs (about 10,000,000 marks) for February, as compared with January. The increased demand for raw materials was caused by the improvement in internal industrial activity, and the decrease in foodstuffs by the Nazi campaign to make Germany able to feed herself.

The two main consequences of this unfavorable trend in Germany's balance of trade, so far as foreign nations are concerned, are the decline in Germany's foreign exchange and gold supply, with the consequent difficulty of meeting her foreign interest payments, and new import restrictions.

On March 29 the Reichsbank gold holdings had decreased to 237,000,000 marks, a fall of 152,000,000 since Jan. 6. The ratio of the bank's gold and exchange reserve to its outstanding circulation had fallen on March 29 to the dangerously low point of 6.7 per cent, as compared with 8 per cent a week earlier, 9.7 a month earlier, and 23.7 a year earlier. This decline led Dr. Schacht, the president of the Reichsbank, in an address before the American Chamber of Commerce in Berlin on March 16, again to warn Germany's foreign creditors that it would be impossible for his country to pay the interest on the foreign commercial debt unless the world was ready to buy more goods from Germany.

The second consequence of Germany's unfavorable trade balance was the decision in the last week of March to put into effect a series of measures to restrict imports. On March 24 the government cut down further the amount of foreign exchange which German importers may acquire to pay for their supplies of foreign goods. Restriction of this sort was introduced in 1931, when German importers were allowed foreign exchange to a maximum of 50 per cent of their import requirements in October, 1930. By the new decree, however, the amount allowed was cut down to 17½ per cent of their imports in 1930. Other measures placed a temporary embargo on the purchase of foreign wool, cotton, flax, hemp, jute and copper. The embargo, which prohibits new purchases but not the importation of supplies already purchased, became effective on March 24 and will remain in force until May 6. At the same time there were established control boards for the rationing of these raw materials among German industries, and for the prevention of profiteering through an undue enhancement of their value. The embargo on cotton and copper will affect the United States and may be intended to emphasize the fact that Germany cannot continue to buy our products and at the same time pay the interest on the commercial debts—unless she is also allowed to make greater exports to us.

NEW GERMAN BUDGET

The Reich budget for the fiscal year 1934-35, which began on April 1, was

adopted by the Cabinet on March 22. It balanced revenues and expenditures at 6,458,281,000 marks, which was 600,000,000 marks more than the first Hitler budget. It follows the innovation introduced by the Hitler government a year ago of being restricted to Federal finances; revenues redistributed to the States are excluded. If they were included, the budget would, of course, total a very much larger figure. In the fiscal year 1932-33 this portion of the budgeted expenditures amounted to 2,300,000,000 marks.

According to the official statement accompanying the budget, the tax revenues have been estimated at no higher than the actual revenues of the preceding year, so that a further deficit, at least in the ordinary budget, should be avoided in the future. Increased expenditures are also stated to be almost entirely due to advance charges against the new budget caused by various labor-creation programs which have been partly financed by tax certificates, treasury bills and bills of exchange. The total of these advance charges is put at 660,000,000 marks for the fiscal year.

The increase in the military items of the budget, as compared with the two previous years, is shown in the following figures (in millions of marks):

	1932.	1933.	1934.
Army and Navy	674	671	894
Air Ministry		78	210
Storm Troops and Labor Service Army			250
Totals	674	749	1,354

It should be added, however, that Germany has always insisted that the expenditures for the Air Ministry are merely for defense, and that the Storm Troops and Labor Service Army represent not military forces but merely political soldiers for the domestic schooling of the German people in the doctrines of National Socialism and in true comradeship.

THE RELIGIOUS CONFLICT

During March the conflict between church and State in Germany involved the Roman Catholics rather than the recalcitrant Protestants. One of the main points at issue was in regard to the Catholic youth organizations. The Nazis, and especially Baldur von Schirach, the Reich leader of the Hitler Youth, want exclusive control over all the physical training of the Catholic Youth, in order that the boys may be indoctrinated with Nazi political ideals. Therefore no Catholic youth organizations should be allowed to hike over the countryside in march formation or to wear religious uniforms.

The conflict between the high Catholic prelates and the Nazi authorities has also been sharpened recently. Cardinal Bertram, Bishop of Breslau, issued a pastoral letter to the clergy and people of his diocese on March 21 exhorting them to stand firm against attacks on the Catholic religion. Mgr. Bares, the new Catholic Bishop of Berlin, in a Good Friday sermon on March 30, denounced "Godless and heathenish books"; he did not mention Nazi publications by name, but the Nazi press took it for granted that he had them in mind, and consequently attacked him vigorously for infringing, as they claimed, the recently signed concordat by which the clergy were to refrain from preaching politics.

One of the most courageous and outspoken prelates has been Cardinal Faulhaber of Munich; but under pressure of the local Hitler Youth of Freiburg, the booksellers of that city were compelled to withdraw the sale of the Cardinal's volume containing his recent Advent sermons in which he

spoke of the proverbial indolence and drunkenness of the Germanic tribes.

The Pope in an Easter message to Catholic youth organizations in Germany made some striking strictures on Nazi propaganda, "which works with allurements and pressure for a new outlook on life which points away from Christ and back to paganism." A few days later a Nazi court in Duisburg, in a lawsuit between a Catholic and a Nazi newspaper, decided against the former and added the obiter dictum that Catholic newspapers were now "superfluous" in Germany. This was a little too much for Vice Chancellor von Papen's Catholic newspaper, *Germania* (published in Berlin), which mildly suggested that the remarks of the Duisburg court went beyond its juridical competence, that there was still room in Germany for Catholic newspapers apart from the strictly denominational local church papers and that there would be a Catholic press in Germany as long as there were German Catholics.

NEW AUSTRIAN CONSTITUTION

By the new constitution which Chancellor Dollfuss put into effect at Easter, Austria became one of the most autocratic States in Europe. It is to be an anti-democratic, clerical-Fascist State, known as the "Federal State of Austria" instead of the "Austrian Republic." Its laws emanate, not from the people, but from God Almighty. The Roman Catholic Church is made a privileged, established church. A new concordat with the Vatican will give effect to the religious and educational articles of the Constitution. There will be no freedom of the press, the stage, the movies or the radio; all these are placed directly under the control of the government.

Five Chambers are set up. The Council of State is composed of forty to fifty members, all nominated by the head of the State, who continues to be President Miklas. The Council of Culture consists chiefly of priests and representatives of the Catholic Church. The Economic Council is composed of representatives of industrialists, bankers, members of the learned professions and government officials. The Council of the Provinces consists of nominated Governors of Provinces and their financial experts. These four bodies are to sit in secret, so that if any of their members should venture to criticize any matters of government, such criticism will not become public. Only the government may initiate legislation. The Councils, having advisory power, will be expected merely to make comments on any measures submitted to them. The fifth body, called the Federal Chamber, will be composed of delegates from the first four. Its only power will be to accept or reject measures laid before it. No interpellations, criticisms or amendments will be allowed. Its sittings, therefore, will be public.

In the same spirit, Dr. Richard Schmitz, named Mayor of Vienna on April 6 after serving as "Commissioner," decreed on April 1 a new municipal Constitution for the capital which removed the last traces of self-government. Councilors and aldermen are abolished. There will be no elective representatives of citizens. This is understandable when it is remembered that two-thirds of the citizens are Socialists. Instead, sixty-four persons, headed by three Roman Catholic clergymen and including one Protestant and one Jew, will be nominated to sit as a kind of advisory body. They can be dismissed either singly or as a body and replaced by others at the will of Dr. Schmitz, who was appointed Mayor by Chancellor Dollfuss.

Mussolini Moves Ahead

By WILLIAM E. LINGELBACH
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THREE events stand out in Italian history during March—first, the election of the twenty-ninth Parliament; second, the fifteenth anniversary of the birth of the Fascist party and the announcement by Mussolini of a "Sixty-Year Plan"; third, the signing of the pacts with Austria and Hungary.

The Grand Council of the Fascist party assembled in the Venezia Palace on March 2 to select from the names of 1,000 nominees, designated by the different corporations, a list of 400 candidates for election to the new Chamber of Deputies. The selection was apparently made in consultation with the National Council of Corporations, and the group chosen represents much more closely than did the former Chamber the corporate organization of Italian society. On March 25 the list was submitted to the electorate for their approval or disapproval, and more than 10,000,000 ballots, over 99 per cent of those cast, were marked "yes."

Of the newly elected Deputies more than half sat in the previous Chamber. About 150 are newcomers. Several members of the old Chamber have been elevated to the Senate. It is understood that the new Chamber, which is in some quarters called "the suicide Chamber," will vote its own dissolution. Whether it will first modify the national Constitution in such a way as to integrate the next Chamber more closely with the corporations, and so complete the plans for the corporate State, remains to be seen. Influential elements in the Fascist party openly declare that the Fascist revolution, if carried to its logical conclusion, must set aside the Constitution of 1848, and create a new one.

On March 23, Fascists from every part of Italy assembled in Rome to celebrate the fifteenth anniversary of the beginning of the Fascist party and to honor the founders who joined Mussolini in Milan on March 23, 1919. In connection with the celebration, Mussolini astounded the world by the announcement of his long-term program —a "Sixty-Year Plan"—to carry Italy forward through the rest of the twentieth century. At the end of the period, he declared, the primacy among the nations will rest with Italy. Italy's future, he added, does not lie to the north or west, but in Africa and Asia; these are the logical geographical areas for her economic penetration. But even there it is economic, not territorial, expansion that is desired. Italy, Mussolini pointed out, must develop trade and commerce in the regions which are geographically near at hand and economically complementary to her own system. Already Italian tonnage exceeds that of Great Britain in the ports of Alexandria and Asia Minor.

It should not be concluded, however, that Italy has renounced her interests in Europe. Only a week before the announcement of the Sixty-Year Plan, a strong bid for commercial and political advantages in central Europe

was made when on March 17 Chancellor Dollfuss of Austria, Prime Minister Goemboes of Hungary, and the Italian Premier signed commercial treaties in Rome (See Professor Ogg's article on page 238 of this magazine).

Details of the conversion of the consolidated debt, discussed in the last issue of this magazine, reveal a gratifying confidence in the financial policy of the Italian Government, and reflect great credit on the authors of the plan. According to the latest dispatches, practically the entire amount involved has been converted.

Industrial conditions in Italy continue to improve slightly, except in the mining, cotton and silk industries. Rayon, linen, wool and hemp, as well as spinning and weaving, show improvement, while the chemical and metal industries are continuing on the high level of output attained late last year. Unfortunately, however, the unfavorable conditions in the export trade have not been overcome, and a further reduction in the cost of production is threatened if the intense competition in foreign markets is to be met. It is for this purpose that the government has empowered the Italian Cotton Institute to force all cotton spinners and weavers to become members and to regulate production, prices and terms of payment, and to reduce the cost of production.

Another step toward stabilizing Italian industry was taken during March when industrial financing was placed in the hands of the Institute for Industrial Reconstruction. The institute has bought 75 per cent of the industrial bonds and other obligations of the national industries and has issued government-guaranteed securities in their stead, offering to lend to industry the money thus secured on approved programs of production and expansion. The three great Italian banking establishments—the Credito Italiano, the Banca di Roma and the Banca Commerciale Italiana — will henceforth restrict themselves to commercial banking business—that is, to collecting and distributing money balances and extending short-term credit advances.

A further indication of State control in the collective life of the nation is seen in the completion of the plan already discussed in CURRENT HISTORY for the nationalization of the cinema. A tax of 25,000 lire, or a little over $2,100, is imposed for changing a foreign movie title into Italian, an essential alteration if the film is to be legally shown. Italian producers are also aided by a regulation which provides that one of every three films shown must be of Italian origin. Since America supplies 60 per cent of the foreign films imported into Italy, and carries on about 90 per cent of the business of showing foreign films in Italy, the regulations lay a heavy burden on Hollywood.

Early in March it was reported from London that Italy had definitely decided to desist from further naval building for the present year, and later Italian dispatches confirmed the report. Mussolini apparently pins his hopes on some sort of agreement for restriction at the disarmament conference. That the struggle for parity with France has been definitely abandoned, for the moment at least, is clear. In the meantime, the tendency toward militarization throughout Europe is reflected in Italy in the provisions for training selected groups of Fascist boys between the ages of 14 and 18 in machine-gun operation and practice.

SPANISH LABOR TROUBLES

Although a series of strikes swept Spain during March, disorganizing

the life of the country and causing civil disorder in Madrid, Barcelona and other industrial centres, the widely predicted general strike did not occur, nor did the groups of the Left coalesce to form a united workers' front, as had been expected.

At the beginning of March, Prime Minister Lerroux reorganized his Cabinet by replacing Martinez Barrios, Minister of the Interior, and Antonio Gomez Lara, Minister of Finance, who had objected to his concessions to parties of the Right, with other members of the Radical party, and by appointing Salvador de Madariaga Minister of Public Instruction.

The principal task facing the reorganized Ministry was to cope with the emergency brought on by the strike of over 100,000 workers of the building trades and metallurgical and typographical unions. On March 7 the government proclaimed a "state of alarm," a modified form of martial law, somewhat more rigorous than the "state of prevention" which had existed since the Anarchist-Syndicalist troubles following the elections in December, and warned the unions that it would exercise its powers to the full to crush all attempts to disturb the public order. A system of arbitration set up by the Ministry of Labor provided a modern method of settling disputes, and by March 19 most of the strikers had returned to work. For several days, however, few newspapers in Madrid could be published, and the industrial life of the country was severely handicapped.

In the meantime the strike of 28,000 gas and electric workers of the power plants in Catalonia threatened to deprive the cities and towns of the region of light and water. Obviously the police reserves and soldiers, who had taken charge of the plants when the men walked out, could not be expected to operate power plants calling for a high degree of technical skill. To meet the situation the government rushed army and navy electrical engineers to Catalonia, and eventually the strikers, realizing that their cause was lost, weakened. On March 16, 20,000 of the 28,000 returned to work. The Catalans were particularly pleased, not only because of the prompt settlement, but also because the government, by adhering strictly to emergency measures under the "state of alarm" instead of declaring martial law, left the maintenance of order entirely in the hands of the Catalan authorities, thus dispelling the suspicion that Madrid would seize upon the first opportunity to impinge upon Catalan autonomy. On the whole, the incident has materially strengthened the position of the national government with the Catalans.

Not content with the suppression of the disorders, but convinced of the unwarranted damage and suffering inflicted upon the community as a whole by strikes, especially those of public utility employes, the government has proposed a law providing that workmen in these occupations must give thirty days' notice of intention to strike; those engaging in supplying food, twenty days; and all others, ten. The law also provides the machinery and the procedure to settle disputes without strikes. Such settlements made by the Cabinet are to be regarded as official and binding, with violations punishable by heavy fines and imprisonment.

The government's recent success is apparently bringing even the Socialists in the Cortes into line, for despite the threats of strikes and revolution made by Caballera and Prieto a month ago, they have now formally disavowed the strike as a political

weapon, declaring that it must be regarded as purely economic. By and large, the third government of Señor Lerroux, who has just celebrated his seventieth birthday, seems stronger at present than any Ministry since the fall of the monarchy. It has risen tremendously in popular esteem by its effective handling of the strikes and labor disputes, and, although it is still only a minority Ministry, dependent on the support of Catholic Action, it is difficult to see how the Right could desert it. Gil Robles, however, recently stated in an interview in *La Vanguardia* that the life of the present Cabinet is short. On the other hand, the Vatican has enjoined the Catholic parties to accept the new régime, cooperate with it, and secure through parliamentary action the much-desired modification of the anti-clerical legislation of the first Cortes.

According to recently published statistics, the leaders of the republic have further cause for confidence. The addition of over 500,000 to the number of depositors in the postal and insurance savings banks since the establishment of the republic indicates a respect for property quite different from the ideas of certain extremists. The leaders also point to the fact that the nation is slowly emancipating itself from foreign financial control, and that the three loans floated by the republic have each been oversubscribed at home. In line with this development, there has also been a gradual absorption by Spanish capital of the shares of Spanish industry and commercial enterprise held abroad. The nationalization of the oil business has already practically eliminated the Standard and Shell companies.

The Spanish budget for the coming financial year proposes expenditure of 4,673,000,000 pesetas, about 100,000,000 less than last year. Even at that, a deficit is in prospect. The principal increases are for education, while expenditures for the army, navy and aviation have been somewhat reduced.

Steps to correct Spain's unfavorable trade balance have been discussed repeatedly during the month. By official decree, dumping and the unfair competition of the extremely low priced products of certain nations, especially of Japan, have been prevented by higher duties and the establishment of a quota system.

Americans in Spain who have been living without passports have recently been brought face to face with the provisions of the new Vagabond Law, and quite a number have been placed in concentration camps or prison. The situation is the more difficult because American Consuls are quite without funds for such emergencies, and cannot readily finance the return of citizens to America, even if evidence of citizenship were always obtainable.

PORTUGUESE AFFAIRS

The close friendship between Portugal and England, which dates back to 1373, was again revealed early in March when President Carmona, accompanied by the Ministers of Marine and of the Interior, paid an official visit to an English squadron anchored off Lagos. In the meantime, France has at last secured a commercial treaty with Portugal which brings to an end the trade war between the two countries which has been going on for more than a year. The accord was signed on March 13 and provides that Portugal may export her wines and liquors to France under certain restrictions if she grants to certain French wines and liquors a 50 per cent reduction in the minimum tariff, as well as favored-nation treatment to French shipping.

Toward Central European Harmony

By FREDERIC A. OGG
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A LONG-AWAITED conference of Premier Goemboes of Hungary, Chancellor Dollfuss of Austria and Premier Mussolini of Italy took place in Rome in the middle of March, and from it came three agreements which promise to figure largely in the political and economic life of Central Europe. The meeting was inspired chiefly by Premier Mussolini, who, as shown on numerous earlier occasions, believes that disaster is impending in Europe unless trade and industry are liberated, and that as good a place as any in which to start attacking the problem is the hard-pressed Danubian area.

When inviting the Hungarian and Austrian representatives to conference, the Italian Premier was under no illusions as to the difficulty of the undertaking. The uppermost need of both Hungary and Austria was larger markets, particularly in the case of Hungary for grain. Italy, however, had already bought grain from Hungary beyond her existing requirements; she had recently undertaken to purchase wheat from Yugoslavia and Rumania. For these reasons, doubtless, the Fascist press was instructed to raise no extravagant expectations; and the opinion was common that unless Mussolini's persuasiveness should avail to induce Austria to lower her tariff barriers against Hungarian produce, nothing very tangible could be accomplished.

Premier Goemboes arrived in Rome on March 12 and conferred with Mussolini a number of times before Chancellor Dollfuss put in his appearance on the following day. Conferences of the three started on March 15, and occupied that and the two following days. On the evening of March 16 it was announced that the discussions had been entirely successful, and next day the pacts were signed in Mussolini's huge workroom in the Palazzo Venezia. Hungarian and Austrian experts had been in the Italian capital several days before their political chiefs appeared, and discussions between them and the Italian experts took place simultaneously with the meetings of the Premiers.

Of the three protocols of agreement signed, two relate to economic and one to political matters. In the first economic document, the three States undertook (1) to conclude among themselves before May 15 the contemplated series of bilateral agreements to increase the facilities "for their reciprocal exports"; (2) to adopt measures, by the same date, "to overcome Hungary's difficulties resulting from the fall in wheat prices"; (3) to "facilitate and develop," as speedily and as far as possible, "the traffic at Adriatic ports"; and (4) to "create a permanent commission of three experts to watch and develop the economic relations among the three countries and to formulate concrete proposals in order to intensify them as far as possible in the spirit of the present protocol."

The second instrument, signed only by Italy and Austria, pledged the two

States to open, by April 5, negotiations looking to a new agreement designed to broaden their existing economic relations and involving preferential treatment for "the largest possible number of products manufactured in Austria and imported by Italy."

Every effort was made in Rome to represent the conference as having an economic purpose only. But no informed observer failed to recognize its political possibilities or was surprised when the first of the three protocols, in the order published, was found to be a consultative pact. Persuaded that collaboration among the three governments in the interest of the maintenance of peace and the economic restoration of Europe "may establish premises for wider cooperation with other States," the signatories bound themselves "for the attainment of the aforesaid ends": (a) "to agree among themselves on all problems which particularly interest them and on those of a general nature * * * in order to pursue a common policy," and (b) to proceed to "common consultation" whenever any one of the three considers it advisable. Without establishing an actual political alliance, the protocol contemplates such coordination of the foreign policies of the three countries that it seemed safe to infer that they would thenceforth act as a unit in international discussions.

One subject which Premier Goemboes would have been glad to see dealt with was studiously avoided. This was treaty revision. Neither of the other negotiators was willing to endanger the success of the effort at economic rehabilitation by arousing the ire that any reference to this explosive matter must have engendered. In a speech before the quinquennial assembly of the Fascist party in Rome on March 24, Mussolini did not hesitate to reaffirm his well-known support of Hungary's claim to boundary revision. But that was a different thing from saddling the pacts with an undertaking on the subject.

The three protocols were signed by the Premiers as heads of governments, not as representatives of heads of States. No limit was placed on their duration; and since nothing was said about ratification, it was assumed that the agreements were effective from the date of signature.

In most quarters, the pacts were received favorably. The Austrian press was enthusiastic; that of Hungary hardly less so. Even more significant, France and Czechoslovakia—both of which have lately displayed sympathetic interest in Italy's attempt to aid the Danubian countries, and both instinctively cordial toward any move promising to obstruct the advance of German influence to the southward—manifested general satisfaction. Certainly no matter would be more likely to become a subject for the triangular consultation contemplated in the political pact than a move toward *Anschluss* between Germany and Austria. It should be added, however, that the Czechoslovak enthusiasm was dampened after Premier Mussolini's revisionist speech, which naturally was received with disfavor throughout Little Entente circles.

BALKAN PACT PROBLEMS

Freely criticized in Great Britain and other countries because of the omission of Bulgaria, the non-aggression pact signed in Athens on Feb. 9 by Greece, Turkey, Rumania and Yugoslavia (see CURRENT HISTORY for April, page 108) continued to absorb attention throughout Southeastern Europe during succeeding weeks. With the agreement awaiting ratification

in four capitals, a conflict of major proportions developed in Greece. As noted in these pages a month ago, the pact was no sooner signed than ex-Premier Venizelos and other Opposition leaders launched a campaign against it and against the Tsaldaris government for having placed Greek interests in jeopardy. Not that there was any objection to the professed purpose of "contributing toward the permanence of peace in the Balkans." The trouble lay with the opening article of the pact, wherein the four States undertook mutually to "guarantee the security of all their Balkan frontiers"—a pledge so sweeping, the Venizelists pointed out, that a liberal interpretation might oblige any one of the signatories to take up arms against a great power no less than a minor one.

It was argued, for instance, that in the event of an Italo-Yugoslav conflict, Greece might be forced into war with Italy, a friendly State, over issues with which she had no concern. In the early stages of the negotiations, Turkey had envisaged similar embarrassment for herself in case of a war between Rumania and Russia, and had secured an agreement from the Bucharest Government that in such a contingency Rumania would not expect Turkey to come to her aid. The Greek negotiators, the Opposition urged, should have taken similar precautions in respect to a possible Italo-Yugoslav conflict; since they had not done so, the only safe course was to refuse to ratify the pact.

In the end, both Premier Tsaldaris and Foreign Minister Maximos were obliged to meet the objection. Before the pact was submitted to the Greek Parliament, they agreed to a formula whereby ratification was to be accompanied by a declaration that, so far as Greece was concerned, the boundaries mutually guaranteed were only those internal to the Balkans and that in no circumstances were obligations arising from the pact to be so construed as to involve the country in a war with Italy or any other great power. This concession once made, and assented to by the other three signatories (although manifestly weakening the force of the pact), the way for ratification was open, and on March 15 the Greek Parliament gave its endorsement by an overwhelming majority. In Bulgaria the press indignantly charged that as a result of the interpretation agreed upon the pact was in effect whittled down into a war treaty against that State only.

Another development that stirred much interest was the bringing to light early in March of a secret explanatory protocol by which the pact was accompanied when originally signed. From this document it appeared for the first time that the pact was to run normally for five-year periods, with, however, the question of continuance being raised at the end of the first two years. Informed persons were of the opinion that the purport of this latter provision was to open the door to Yugoslavia to withdraw at an early date if the other three signatories should stand in the way of a Yugoslav-Bulgarian rapprochement, now one of the cardinal points of Yugoslav foreign policy. Other significant provisions in the secret protocol included, it was said, one so defining "aggressor" that Bulgaria can be accused of aggression if (as happens frequently) Macedonian Komitadjis break across the frontiers of that country into Greece or Yugoslavia.

As might have been expected, revelation of the existence of the secret protocol stirred criticism at Geneva, where it was argued that if treaties can thus be "interpreted" in unpub-

lished protocols, the post-war system of open diplomacy as secured by the public registration of international agreements will inevitably break down. Indeed, it has been contended by League experts that the pact, even though ratified all round, will have no validity unless its secret supplement also is deposited at League headquarters and published.

POLISH AFFAIRS

At the initial meeting at Danzig on March 15 of a Society for the Study of Poland, Dr. Hermann Rauschning, Nazi President of the Danzig Senate and founder of the society, made a vigorous plea for better understanding between the Free City and Poland, in keeping with the recent German-Polish political rapprochement. "Most of us," he declared, "know little or nothing of our neighbor, Poland. Most of us have also failed to realize the tremendous historical importance of the Polish people's creation of an organized State." The German view of Poland, he further emphasized, is a survival from the days of Polish subjection and fails to take account of the realities and necessities of Poland's national existence in the post-war age. With characteristic moderation and ability, Dr. Rauschning has succeeded in greatly improving Danzig-Polish relations, and no one doubts the sincerity of his purposes. Unfortunately, he is no longer the real master of the Free City, for that position has fallen to a young Nazi leader, Förster, who is bent upon a policy of complete Nazification, even though it be manifestly incompatible with existing statutes and treaty rights.

The budget session of the Polish Parliament was closed on March 16 by Presidential decree without the Senate's having acted on the new national Constitution. The reason for delay, it now appears, was the desire of Marshal Pilsudski that the instrument be modified in a number of particulars before being finally made law, and a special session, it is announced, will be convoked during the Summer to complete the task. Before the prorogation, the usual powers were granted President Moscicki to issue interim decrees having the force of law. As the time for electing a new President of the republic approaches, the candidate said to stand highest in the dictator's favor is Foreign Minister Beck, who has especially commended himself by the skill with which he negotiated the recent non-aggression pacts with Russia and Germany.

The nine-year tariff war between Poland and Germany came to an end on March 7 when a trade agreement, in the spirit of the non-aggression declaration of January, was signed at Warsaw by M. Beck and the German envoy, Hans Adolf von Moltke. The agreement was not a commercial treaty but a protocol removing the restrictions and prohibitions piled up on both sides ever since the Germans started the war by imposing an embargo on Polish coal in June, 1925. No limitation of time was specified, but it was expected that negotiations would presently be started for a regular trade convention on the lines of the abortive treaty of 1930, which was ratified only by Poland. In Berlin the protocol of March 7 was construed as another step—although a costly one—in the freeing of Poland from French influence.

CZECHOSLOVAK-POLISH ISSUES

Since 1920, when the disputed Tesin district in Silesia was given to Czechoslovakia, relations between that country and Poland, both Slavic States,

have been good. At the present time, however, they are strained. Anti-Czech demonstrations in March, both in Warsaw and in a number of towns along the Polish-Czech border, have been resented warmly in Czechoslovakia, where it is suspected that Poland, having strengthened her international position by her non-aggression pact with Germany, is ready to drop her Slavic friends and even to reopen the old question of Tesin. A deputation composed of prominent citizens of the Tesin district recently protested to the Czechoslovak Minister of the Interior that certain Polish groups were conspiring against Czechoslovak territorial integrity, only to be assured that the republic's frontiers, including those of Tesin, are "fixed forever."

To a complaint by a Polish consul that Polish minorities (which in reality are very small) in Czechoslovakia are discriminated against a leading Prague newspaper retorted that Czechs "would be happy if Czech minorities under Polish rule could enjoy only part of the rights the Poles enjoy in Czechoslovakia." The controversy broke out afresh during the last week of March as a result of the expulsion from Poland of a number of Czechs long resident there, several of them prominent factory executives. French diplomacy has interested itself in settling the difficulty, and at the end of March it was announced that Foreign Minister Louis Barthou would visit Prague and Warsaw.

DUCA CASE VERDICT

The trial of 49 members of the Rumanian Iron Guard on charges of complicity in the murder of Premier Ion G. Duca at the Sinaia railroad station last December was started in Bucharest on March 19. Of three categories into which the accused were divided, the first consisted of the alleged actual assassins; the second of General Cantacuzenu, Corneliu Z. Codreanu (commander of the organization), the latter's father and brother, and others regarded as instigators of the murder; and the third of sundry of the Iron Guard rank and file who were accused of having known of the plot. Codreanu, who fled after the murder and had been widely sought, had been arrested on March 15 as he was entering the building in which the military courts were sitting. He had decided, he said, to give himself up and stand trial with the others.

Armed with charges and evidence filling 85 pages, the prosecutor opened his case at the trial by describing the ideals of the Iron Guard as typically Fascist, its objects being to destroy the democratic State and militarize the youth of the country, and its favorite method the organization of terrorist groups of assassins. The alleged actual murderer, Constantinescu, testified that he was a member of the "death section" and said that only he and two accomplices should be made to bear any responsibility for the act of Dec. 29.

The court, which consisted of one judge and four Generals in full uniform, handed down its decision on April 5. Constantinescu and his two accomplices were sentenced to life imprisonment (Rumania has no capital punishment), and Codreanu, General Cantacuzenu and the accused Iron Guard members were acquitted. This disposal of a case which has stirred the country for months immediately brought forth protests; some complained that the verdict was without legal justification, others that the acquittal of the Iron Guard members on a charge of conspiracy was absurd. At this writing it appears that the Tatarescu government may be forced to resign because of the verdict.

Fascist Trends in Northern Europe

By RALPH THOMPSON

ALTHOUGH Fascist doctrines have as yet met no notable success in Scandinavian or Baltic States, they continue to be a problem to the governments of these countries, and periodically cause considerable excitement and even disturbance. In Estonia, for example, martial law was declared on March 12 because of the threatening activity of parties with Fascist or Nazi tendencies. Political meetings were forbidden, over 400 members of the so-called Liberator group were arrested, and their newspapers were banned. Shootings and casualties were reported as the government searched homes and offices for ringleaders, and when order was restored a few days later, General Larka, Liberator candidate in the forthcoming Presidential elections, was apparently the only leader of the faction at liberty.

The difficulty in Estonia was directly connected with the Presidential campaign, and seems to have been the result of an unsuccessful attempt by the Liberators to frighten the voters into supporting General Larka rather than one of the other candidates, General Laidoner and Acting President Paets. The government's explanation for its drastic action was that the Liberators were being financed from abroad (which is to say from Germany) and were planning to seize power by force.

At about the same time that Estonia was experiencing this civil commotion, her neighbor Latvia experienced a change in government which is not without a Fascist aspect. On March 2 the Cabinet of Adolfs Blodnieks, which had been reconstruct about a year ago, resigned on a vo of no-confidence by the Latvi Chamber, and within two weeks a ne government was formed by K. U manis. The change marks a swi from the Left to the Right, for Blo nieks represented the New Farme party and the interests of those w were provided with land under t agrarian reforms of 1920, while U manis is a leader of the conservati Farmers Union and an advocate constitutional reform which w transfer power from Parliament the President. But the Latvian Parli ment is still an active force, and du ing the last week of March the Cha ber voted that the Ulmanis gover ment discharge all State employ who belong to Fascist organizatio or other Right groups hostile to t existing régime.

Lithuania's struggle with fascism perhaps more real than those of h Baltic neighbors because it is comp cated by the nationalistic ideas whi have long influenced the German a Lithuanian residents of the Mem territory. Nearly every move whi the Lithuanian Government declar necessary to the law and order Memel is the subject of protest Germany as an infringement upon t autonomy of the territory and t rights of the Germans living the contrariwise, every sign of Nazi tivity in the region is declared Lithuania to be further evidence of plot against the integrity of the Lith anian State. Numerous notes ha been exchanged by the foreign offic

of Kaunas and Berlin, but they do not seem to settle matters, and apparently irreconcilable forces continue to oppose one another as they have for years. During March there were numerous arrests of Nazi "agitators" and numerous counter-moves by the Germans. On Feb. 23, before the latest steps were taken, the Berlin Ministry of Foreign Affairs informed Lithuania that her actions were likely to have serious effects upon the future relations of the two countries.

In Finland and Scandinavia the friction between Fascist groups and their more democratic rivals is less intense. On March 13, however, the Finnish Diet adopted a law forbidding the wearing of any kind of political uniform or emblem in public—a move which accords with Denmark's action of several months ago and with Sweden's of last July. It was reported from Stockholm on March 21, moreover, that the Swedish Government would probably ban all armed groups or associations of a private character and make membership in such bodies illegal. Norway, on the other hand, seems to have found drastic measures of this sort unnecessary thus far, although in the near future she may have to cope with the growing strength of the National Union, a Fascist party headed by Major V. A. L. Quisling, former Minister of Defense.

KREUGER & TOLL REPORT

From Sweden comes an interim report of the liquidators of the Kreuger & Toll Company, which was declared bankrupt by the City Court of Stockholm in May, 1932, about two months after Ivar Kreuger was found dead in Paris. The report, which covers the period from May, 1932 to July, 1933, shows more clearly than ever the extent of the obligations of the bankrupt firm and the sorry condition in which the company was left by its presiding genius.

The liquidators report that in the period mentioned funds amounting at current exchange rates to about $7,000,000 were secured from the sale of stocks and bonds and from other sources. The remaining securities of the company represent an enormous nominal value, but can hardly be valued at this time. There are, for example, 640,000 shares in the Banca Danubiana, Bucharest, which "have no value." "No acceptable offer" has been made for 4,000 shares of an Amsterdam bank. Several great blocks of securities must await the completion of bankruptcy proceedings in the United States before being disposed of. Others have been found to be the possession of other companies than Kreuger & Toll, and have been handed over to their rightful owners. What is more, the liquidators have been forced to report among the assets such nebulosities as "shares (possibly) of certain foreign match companies."

A lengthy list of claims "considered as good" is also included by the liquidators among the assets, but they have filed in addition a catalogue of "bad or disputed" claims which is startling. This debtor company is bankrupt, that one in liquidation; this claim is denied by the so-called debtor, that one "subject to investigation." Many suits for recovery against individuals and firms have been instituted, but few have been settled thus far. On the other side of the ledger, the outstanding claims against Kreuger & Toll on June 30, 1933, amounted to a sum (translated into current values) of about $325,000,000. This total is disputed by the liquidators, and in their report they imply that it might be greatly altered by counter-claims.

Soviet Individualism

By ALZADA COMSTOCK
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THE Soviet Government at the end of the Winter was busy with the task of repairing breaches in the domestic economy and developing foreign connections. As fear of immediate conflict on the Eastern frontier had abated, temporarily at least, the Kremlin turned its attention to the pressing problem of the improvement of the country's economic position.

At home the Soviet authorities have undertaken a thorough Spring housecleaning—the most significant, some commentators assert, since economic planning was begun. As a result of the decision of the recent Communist party congress that a wholesale reform of the organization of Soviet industry and agriculture must be undertaken, an important decree was issued on March 16.

The decree opens with the statement that its purpose is "to secure concrete leadership in all branches of governmental and economic work," to perfect the working organization of the Soviet Union, and to wipe out bureaucratic weaknesses. The committee system is to be abolished in every branch of the government except the Soviets and the legislative committees, and the principle of individual management and responsibility is to be substituted. The Commissars are given only two weeks in which to abolish the committees and only a month for installing the individual system of management. The reforms, the decree continues, should abolish so much unnecessary red tape that before the end of 1934 from 10 to 15 per cent of the State office employes can be dispensed with and sent back to productive work.

Constructively, the decree calls for a strengthening of the connections between the central executive boards and the factories and farms which they administer; an increased participation in economic administration by local bodies, and the extension of "Socialist competition" and the "adoption" of handicapped economic groups—such as collective farms—by the more successful organizations so that encouragement and supplies may be insured. The productive work of women is given still further impetus by the decree. The trade unions, which long ago became arms of the government, charged with the carrying out of social welfare duties, are to have additional functions in the furnishing of houses, household goods and food supplies.

Struggles against entrenched bureaucracy are seldom simple, as France has long since discovered. Undoubtedly Soviet Russia will furnish no exception. Walter Duranty, in cabling to *The New York Times* for March 18 a summary of the Soviet decree, recalls Lenin's drive against "Public Enemy No. 1" (bureaucracy) in the Winter of 1921-22. After six months' effort to dislodge "people who sit in offices writing papers" Lenin is said to have remarked with acerbity that the only result he could see was that the number of bureaucrats had increased by 10 per cent. In view of the improvement in the organization of Soviet Russia since that

time, something better than the 10 per cent increase may be expected from the present drive, even if the "liquidation" of "people who sit in offices writing papers" is never easy.

The emphasis of the decree upon individual responsibility has begun to attract the attention of Westerners, who see in it a sign of a coming change in fundamental policy. It should be noted, however, that individual responsibility within the Soviet framework must be distinguished from individual freedom accompanied by the ability to hold property or accumulate profits. There is nothing in the recent Soviet reorganization decree to justify the familiar remark that "Soviet Russia is returning to capitalism." The reform is a house-cleaning within governmental bodies in order to bring about simplification and efficiency in the organization.

Four days after the reorganization decree was published, a second decree appeared, announcing changes in the Labor Code. This order goes still further than the first in defining individual responsibility for work done, in this case on the part of the worker himself. Its most important sections are those which in effect provide for rewarding able workers with higher wages by abolishing a fixed minimum wage and enforcing reductions for inefficient workers. The decree orders that "if a worker fails through his own fault to fulfill the plan outlined for him, he will be paid according to the quality and quantity of work done, with no minimum wage. If the plan is unfulfilled through no fault of his own, he must be paid at least two-thirds of the agreed wage." Workers who repeatedly fail to perform their allotted tasks must be transferred or discharged. The allied republics of the Soviet Union are instructed to revise their labor codes to conform to the decree. Lenin's famous principle, "From each according to his ability, to each according to his need," appears to have undergone rough treatment under the Five-Year Plans.

Severe punishments for inefficiency in responsible positions continue to be imposed. Copper mine officials in the Urals, charged with "deceiving the Communist party and the Soviet Government" by overstating production have gone on trial. Death sentences have been decreed for the engineer and stationmaster involved in a recent train wreck in which thirty-three lives were lost. Railroad transportation is still unsatisfactory in all branches; passenger transportation remains inefficient and unsafe, and freight movements are uncertain and delayed in spite of the many reorganizations of railroad management.

THE SECOND FIVE-YEAR PLAN

The final schedules for the second Five-Year Plan, as approved by the Seventeenth Congress of the Communist party in February, have now been published. The average annual increase in industrial production is scheduled at 16.5 per cent, a decrease from the average of 21.6 per cent for the first Five-Year Plan. The promised emphasis upon consumers' goods industries is represented in figures which schedule an average annual increase of 18.5 per cent, compared with 14.5 per cent for heavy industries.

The stupendous accomplishment of the execution of the first Five-Year Plan should in no way be minimized on account of the adjustments made in the figures of the second plan. Nevertheless the new schedules, analyzed in their relation to the first Five-Year Plan estimates, reflect the difficulties in the established heavy industries which act as a drag upon that section.

The production of rolled steel, which amounted to 3,500,000 tons in 1913, may serve as an example. Scheduled production for the final year of the first Five-Year Plan was 8,000,000 tons, but in that year only 4,200,000 tons were actually produced. The second plan starts with the actual 1932 production as a new base, and schedules an output of 13,000,000 tons, an increase of 303 per cent, by 1937. It has been necessary similarly to revise downward the base from which coal production in the second five-year period is estimated. On the other hand, certain industries, such as oil, have gone ahead of the estimates of the first Five-Year Plan. In such cases, the base of the second plan has been revised upward.

Industrial production figures for the first quarter of 1934 show improvement in the heavy industry section, and it may be that the lagging members of this group can be forced to keep the pace in the period of the second Five-Year Plan. Nearly all these branches of industry have escaped the usual seasonal drop. Coal production has suffered, however, on account of the departure of some 10,000 workers for their villages in order to take part in the Spring sowing. This Spring migration is an annual problem of the coal mines. Even the degree of control which certain Westerners insist on calling "forced labor" is not sufficient to keep a Russian worker away from his home village when he feels the first warm winds of Spring.

The progress of the Spring sowing shows an advance over 1933. Weather conditions have been favorable, and it is said that in general the organization and spirit of farm work have improved greatly in comparison with last year. The Soviet Government is abandoning some of its more grandiose agricultural projects and is settling down to the steady promotion and mechanization of the moderate-sized collective farms. Under the second Five-Year Plan the largest State farms are to be broken up into smaller units and excessive specialization is to be avoided.

An essential part of the emphasis upon consumers' goods required by the second Five-Year Plan is an improvement of the distribution of commodities. In the spirit of "self-criticism," which has long been encouraged in the Soviet Union, the Moscow press has recently administered rebukes to the supply commissariat and the distribution authorities, both State and cooperative. It is alleged that the supply commissariat is still behind schedule in the production of such essential consumers' goods as sugar, salt, kerosene and canned food. *Pravda* recently censured the trading authorities for allowing central warehouses to become choked with goods—and therefore with debts—while retail stores are empty, and for permitting such delays that Winter and Spring goods reach consumers only after the respective seasons have ended.

SOVIET FOREIGN RELATIONS

The non-aggression pacts signed by Soviet Russia with its Baltic neighbors, Estonia, Latvia and Lithuania, three and a half years ago were renewed on April 4 for a period of ten years. Commissar for Foreign Affairs Litvinov, speaking on behalf of the Soviet Union to the representatives of the Baltic States, reiterated his government's desire for peace. "Chauvinism, nationalism and racial prejudices are foreign to Soviet nationalism," he said, "and racial prejudices are foreign to the Soviet State, which does not put its ambition in conquests or the widening of its territories. Its only ambition is the achievement of that aim for which it was created and

in which it sees the whole reason of its existence—namely, the building up of a Socialist society." Meanwhile, rumors are again abroad to the effect that Soviet Russia is not averse to entering the League of Nations.

Perhaps the most significant sign of the Soviet Union's altered place in world affairs is the break in the financial blockade. On March 14 it was announced that Sweden would extend to the Soviet Government a loan of 100,000,000 kronor (approximately $26,000,000 at the current rate), the proceeds of which would be used exclusively for purchases in Sweden. The loan, which is otherwise unsecured, bears interest at 5½ per cent and is to be amortized from 1939 to 1941.

The Swedish loan is the Soviet Government's first true foreign issue. The earlier credit arrangements furnished by the German and other governments have been merely State credit guarantees for home exporters to Soviet Russia. The 7 per cent Soviet gold bonds held by some 3,000 investors in the United States represent an issue which is nominally a domestic loan. Although a 1,000-ruble bond which cost $514.50 at the time of offering in New York, a little more than a year ago, can now be presented to the Soviet agents for repurchase at approximately $870, it is reported that up to the middle of March no single bond had been offered to the Chase National Bank, as agent, for repurchase under the terms of the bonds. These signs of confidence in the financial faith of Soviet Russia have plainly given great satisfaction to the Kremlin, which is inclined, with justice, to stress the fact that the Soviet Government is one of the few in the world which have met their foreign obligations during the last fifteen years.

Plans for the development of Soviet-American trade have also made progress. The Soviet Government intends to send a trade mission to the United States in the near future to investigate the possibilities for increased commerce offered by the new American Export-Import Bank. This bank, whose $11,000,000 capital has been subscribed by the Reconstruction Finance Corporation and whose head is George N. Peek, is believed to be capable of financing Soviet-American trade up to the amount of $100,000,000. It is assumed that credits will be granted for a period of three years and that only American export industries which are seriously in need of aid will have the advantage of financing through the bank. Actual credit transactions with the Soviet Government are not to be permitted, according to a resolution of the bank's directors on March 16, until after an agreement on the Russian-American debt question has been reached.

The terms of the Anglo-Soviet trade agreement, announced in the House of Commons early in March, suggest a difficulty into which Soviet-American negotiations may run. According to the terms of the agreement with Great Britain, Soviet Russia has made a "handsome admission"—in the words of Walter Runciman, President of the Board of Trade—by its assent to the principle that after 1938 Soviet imports from Great Britain should practically equal exports to Great Britain.

British comment on the agreement has been reasonably favorable. Apparently Soviet foreign policy has succeeded in this direction as well, for there has come one of the rare periods of calm in the turbulent course of diplomatic and trade relations between Great Britain and Soviet Russia. The Soviet Government, which appears to be mending its fences on all sides, is recalcitrant at the moment only with respect to the wheat

export quota agreement offered by the representatives of the "big four" among wheat producers—the United States, Canada, Argentina and Australia—meeting in London. If Soviet Russia continues until July 31 to refuse to accept a wheat quota, it is assumed that the big four will then attempt to induce her to sign for the following cereal year.

The principle of an export-import parity would be difficult to apply to trade relations between the Soviet Union and the United States, since the latter has been accustomed to a substantial balance in its favor. Moreover, American imports from the Soviet Union are likely to continue to be limited to the group of articles which includes furs, manganese, platinum, caviar, wines and vodka. However, S. S. Shipman, Director of the Information Department of the Amtorg Trading Corporation, speaking before export managers in New York on March 13, gave the reassurance that while an ultimate balance of exports and imports must be maintained by the Soviet Government, this does not mean that Soviet Russia will demand exact export-import parity with each individual country.

On April 2 the new Soviet-American relations materialized in a picturesque fashion. On that day the motor freighter Kim, home port Leningrad, arrived in New York with a cargo of Caucasian wines and other commodities. The Kim is the first ship which has ever flown the flag of the Soviet Union in the Port of New York.

Soviet Russia has at last ironed out its exchange difficulties with Germany. Late in March a protocol was signed providing that the Soviet Government would continue to meet its German obligations in gold, foreign currency and reichsmarks. The reichsmarks are to be obtained from permits to Germans to import from Soviet Russia. The Russians anticipate that their present indebtedness to Germany, which amounts to 650,000,000 marks (about $253,500,000 at present rates), will be wiped out by the end of the year, and that they can then put Soviet-German trade relations on a new basis.

Soviet Russia now ranks third in the world in the length of its air lines, second in respect to air mail, and first in the use of aircraft in forestry, agricultural and patrol work. The country still hopes to win the stratosphere record in an official ascent, and is constructing a special airplane dirigible to make that attempt.

The New York Times has announced that, although in response to Walter Duranty's desire for more time for independent work a new correspondent, Harold Denny, has been sent to Moscow, Mr. Duranty will still spend a part of each year in Russia and will continue to send dispatches to *The Times*. Mr. Duranty's record as correspondent is picturesque and unique. For twelve years he has sent from Moscow colorful and penetrating accounts of the great experiment. Selections from these dispatches have been republished in *Duranty Reports Russia* (New York: Viking Press, 1934. $2.75). In Alexander Woollcott's introduction to the book, one sentence is worth noting. After describing the ovation given Mr. Duranty at a dinner of the Russian-American Chamber of Commerce at the time of the recognition of the U.S.S.R., Mr. Woollcott observes: "One quite got the impression that America, in a spasm of discernment, was recognizing both Russia and Walter Duranty."

The New Turkish Diplomacy

By Robert L. Baker

Turkish diplomacy has long enjoyed a reputation for shrewdness. Even in the last decrepit years of the Ottoman Empire it showed a remarkable facility at playing off the great powers against one another. Republican Turkey has not lost that skill, though it is now applied with less subtlety than in the old days and is entirely free from the double-dealing that sometimes disgraced the Sublime Porte. And that skill is put to constant use. Possibly no other country's foreign office is so keenly alert in maintaining and extending its diplomatic friendships. Tewfik Rushdi Bey, the Turkish Foreign Minister, moves about rapidly from one neighboring capital to another in an effort to improve Turkish commercial, neutrality and arbitration pacts, and to promote broad multilateral agreements designed to secure the peace of the Near East and the Balkans. Though a member of the League of Nations, Turkey appears eager to supplement such security as that connection provides by regional pacts, based on pledges of non-aggression, arbitration and cooperation in case of attack from outside. Turkey, in fact, has been chiefly responsible for arranging the Balkan conferences in recent years, and while these have not been very successful, Turkey's prestige has grown and better relations with certain countries have resulted.

The Balkan area has not proved fruitful in regard to a satisfactory regional pact, mainly because of the struggle for influence in that region between France and Italy, with British influence restraining Bulgaria. Now the Turks seem to be turning their eyes toward the East and South, with the idea of forming a Moslem bloc, eventually to include Turkey, Persia, Iraq, Syria, Transjordan and Egypt. Personal contacts between leaders are especially important in the Moslem world in bringing about understandings of this nature. For this reason considerable significance is attached to the visits to Ankara of Riza Shah Pahlevi, King of Persia, of young King Ghazi of Iraq and of King Fuad of Egypt, all of which are expected within the next year.

Riza Shah is to go to Ankara in May, and will be entertained by the Turkish Government, which has been negotiating with Teheran about the visit for many months. Relations between the two countries are not only very cordial, but their leaders have much in common. Both are reformers and "Westernizers." Both are soldiers and are intensely concerned to protect the integrity of their nations against foreign capital and influence. The only serious difficulty that has thus far arisen—in 1930, when Turkish forces pursued rebel Kurds across the frontier into Persia—was amicably settled. Persia ceded a Kurdish region near Mount Ararat to Turkey in return for corresponding territory further south. If a Middle Eastern bloc is indeed contemplated by Turkey, its foundations will be laid in concert with the Persian monarch.

The late King Feisal visited Mustapha Kemal three years ago, and had

arranged to go again to Ankara this coming Summer. It is thought that King Ghazi may carry out that plan.

Moslem Egypt and its King, Fuad, who is one of the foremost princes of Islam, were offended by many of the Turkish reforms, and especially by the abolition of the Caliphate. But with the passing of time, this feeling is rapidly disappearing and there is now a better chance of cordial relations between Egypt and Turkey than since the Kemalist revolution. If King Fuad does not visit Turkey this year, because of the state of his health, it is considered certain that he will do so in 1935.

An extremely unusual development, to say the least, has occurred in the relations of Turkey and France. In February, a Franco-Turkish group, composed of Deputies and Senators, was formed in France under the presidency of Edouard Herriot, former Premier and now Minister of State. Its somewhat vague purpose—"to promote cordial relations between the two countries"—was communicated to the Turkish Parliament by M. Herriot, with the suggestion that the Turkish legislators should form a similar group. When the Turkish Grand National Assembly reassembled after its Ramadan recess, 75 Turkish Deputies formed a Turco-French group, and in a message to M. Herriot, pledged their support to the common purpose.

What precisely lies behind the French move? French friendship with Turkey is, of course, of long standing. France was the first European nation to conclude a treaty with Turkey, as far back as 1535, and from about 1830 until the World War the French were the most sympathetic of all the Western European peoples toward the "unspeakable Turk." Since the war, however, the relations of France with Republican Turkey have not been as cordial as they were with the empire. That being the case, is M. Herriot's group simply seeking to repair the old friendship and possibly to gain trade advantages? Or, in view of the intense naval rivalry with Italy in the Mediterranean and the struggle with the same power for influence in the Balkans, has the Quai d'Orsay inspired the Franco-Turkish group to prepare the ground for some future understanding with Turkey that might serve as a threat to Italy in the Eastern Mediterranean? Moreover, French diplomacy has recently been obliged to play second fiddle to that of Mussolini, and the French Foreign Office doubtless yearns for some diplomatic victory to match his in Central Europe and in promoting the Four-Power Pact. Parliamentary groups such as the Franco-Turkish are rare, if not unique, and would scarcely have been formed without good reasons in French policy. On the Turkish side there is deep suspicion of the intrigues of the great powers, and the Turks are determined and well able to look after their own interests.

The nationalization of Turkey's railways proceeded a step further on March 4 when the government announced its decision to purchase the profitable 450-mile Smyrna-Kassaba Railway from French interests. This road serves one of the most fertile regions in Anatolia.

Though but little news has leaked out, the Turkish Government appears to be having serious budget difficulties. Revenues from the State monopolies, from customs and from income taxes are reported to have declined considerably. As a result, observers in Istanbul predicted that the income tax would again be raised, with higher imposts on sugar, bread and other foodstuffs.

The Grand National Assembly decided on Feb. 4 that cattle stealing was becoming too prevalent in the country, and passed an ingenious law to suppress the evil. Now, if stolen cattle are not restored to their owners within twenty days, the value of the animals will be deducted from the salary of the highest ranking Federal official in the locality.

A number of important changes have recently taken place in the Turkish diplomatic service. Muhtar Bey, the Ambassador at Washington, returned home to enter active politics and is campaigning for a seat in the Grand National Assembly. His post was taken by Munir Bey, former Ambassador in London. Fethi Bey, former leader of the now defunct Liberal Opposition party, was sent to London.

PALESTINE RIOT SENTENCES

Of the eighteen Arabs tried at Jaffa in March for participating in the illegal demonstrations and riots at that place last October, only three were acquitted. Among the fifteen convicted were prominent members of the Palestine Arab Executive and the president and vice president of the Palestine Arab Youth Federation. Ten of the demonstrators were sentenced to ten months at hard labor. These included Auni Bey Abdul Hadi, a well-known lawyer and a leading spirit in the Arab Nationalist movement, and Jamal el Husseini, executive secretary of the Arab Executive. Five others received sentences of five months at hard labor.

Although indignation was aroused among the Arab population by these penalties, the fact that justice was dealt out on the merits of the respective cases without regard to the position of the Arabs involved is evidence that the British authorities are not showing any undue partiality toward the Arab cause, as is charged by some Zionist circles.

NEW IRAQ ARMY LAW

A new National Defense Law, including compulsory military service, was passed with enthusiasm by the Iraq Chamber of Deputies on Jan. 10. In advising the adoption of the law, the Military Commission declared that compulsory service would not only provide the country with a much larger and more efficient fighting force, but would also be invaluable in teaching discipline to the nation and in the "inculcation of energy among the people." The term of service under the law will be for ten years, divided into three stages, the first consisting of active training and the other two in the reserve.

It is estimated that conscription will double the size of the present army for the same cost. Exemptions, however, are generous. Wealthy parents can secure exemption for their sons by paying about $150. Also exempt are students in high schools, technical schools, religious colleges, police training depots, &c.; the heads of religious communities, the second son of a man who has lost one son in military service, and young men with dependents.

WAR IN ARABIA

Actual hostilities between Ibn Saud, the Wahabi King, and the Imam of Yemen appear to be in progress. Negotiations to settle their boundary dispute in Southwestern Arabia by peaceful means continued for seven months, but finally broke down in the middle of March. The Saudi Arabian Legation in London on March 23 published a communiqué from Mecca to the effect that Ibn Saud had ordered the Crown Prince to oust Yemen troops from the disputed region.

Japan Seeks American Agreement

By TYLER DENNETT
Professor of International Relations, Princeton University

IN an "informal and personal message" delivered to the American Secretary of State on Feb. 21, the Foreign Minister of Japan remarked: "Exactly eighty years ago Japan and the United States opened their doors to each other." But the exchange of ratifications of the Perry treaty, to which reference was apparently made, occurred on Feb. 21, 1855, seventy-nine years ago. Furthermore, it is not in the record that before that time America's doors were in any way closed to Japanese, although the Japanese Government did impose heavy penalties upon any of its subjects who sought to leave Japan. It may be inferred, therefore, that the "informal," "personal" and telegraphed anniversary message attached less importance to the seventy-nine years of elapsed time than to the eight days intervening before the enthronement of Henry Pu Yi as Emperor of Manchukuo.

Foreign Minister Hirota, having alluded to the fact that Japan and the United States produce few commodities which represent conflicting interests in their foreign trade, declared that "no question exists between our two countries that is fundamentally incapable of amicable solution." There was no direct reference to Manchukuo. The message contained the further declaration that Japan has "no intention whatever to provoke and make trouble with any other power." This statement would seem to be an answer to the Soviet charges so often repeated in the last few months that Japanese policy in Manchuria has been definitely provocative. The Foreign Minister referred to the efforts which he has been making to establish a "peaceful and friendly relation" with the United States.

Secretary Hull's reply was delayed until March 3, and, while it was couched in appropriate diplomatic phrases, it included several thoughts which may not have been too satisfactory to the Japanese Foreign Office. The Hirota message contained a vague, very vague, hint that Japan would welcome a conference with the United States. Secretary Hull replied by expressing the "earnest hope that it may be possible for all of the countries which have interests in the Far East to approach every question existing or which may arise between or among them" in a spirit and manner which will give "injury to none and lasting advantage to all." As for the intentions of the American Government with reference to the existing questions, it was reiterated that the United States wishes to adjust them by "pacific processes." Presumably, then, the non-recognition doctrine — a "pacific process"— stands, at least until Japan is prepared to offer, not merely to the American Government, but also to all the powers interested in the Pacific, some pledges much more detailed and specific than those contained in the Hirota message.

The United States, for example, is probably not interested in preliminary naval negotiations in which Great Britain is not included. What-

ever the success which has attended Japanese diplomacy in Paris, it evidently is not possible in Washington diplomatically to divide and conquer the nine powers which signed the Washington treaty of 1922. The Hirota message, though indicating personal friendliness, revealed no desire by the Japanese Government to meet squarely the grave issues which result from the Japanese conquest of Manchuria.

The publication of the Hirota-Hull correspondence on March 21 was credited in Tokyo with easing the tension in Japan. The next day the Foreign Office spokesman assured the newspaper correspondents that Japan would be happy to enter into arrangements guaranteeing the independence and neutrality of the Philippines. At the same time it was denied that Japan had made or would make to the United States a proposal for trading a naval ratio of less than parity in return for recognition of Manchukuo, abandonment of the Philippine military bases and a Japanese immigration quota. Meanwhile the Japanese Foreign Office was making obvious efforts to give the appearance that relations with the United States were improving, as, in fact, they seemed to be.

JAPANESE FOREIGN TRADE

The phenomenal increase of Japanese trade with Latin America is demanding the attention of the commercial bureau of the Japanese Foreign Office. Japan is beginning to sell in Latin America considerably more than she is able to buy. In the case of the United States and Japan the situation is reversed; Japan buys more than she sells. Her principal purchase, of course, is cotton. The chief of the commercial bureau, Saburo Kurusu, suggested on March 26 that some sort of three-way reciprocity trade agreement might be worked out by which the United States would absorb some of the balance in the Japanese-South American trade, thus offsetting the balance which Japan pays to the United States. The Japanese especially desire a trade agreement which will continue to assure the free entry of silk into the United States and of cotton into Japan. Preliminary figures for the total of Japanese foreign trade for 1933 show an increase of 32.5 per cent over 1932.

The Cabinet on March 9 introduced in the Diet a Trade Defense Bill, to give the government power to increase or reduce tariffs, as well as to prohibit or restrict exports and imports, upon the advice of a statutory committee. The measure is designed to give the government a weapon for either retaliation or for bargaining. On March 17, Japan withdrew from the Geneva Convention of 1927 which pledged its signatories not to increase tariffs or trade obstruction. Meanwhile, the unofficial Anglo-Japanese trade conference in London, which continued after the conclusion of the Delhi trade conference agreement, broke up, having been forced to abandon its efforts to perfect a trade agreement which would restore harmony to Anglo-Japanese trade competition outside India.

RUSSO-JAPANESE RELATIONS

Although March produced the usual crop of incidents in the relations of Japan and the Soviet Union, they were all significant less for the fact that they occurred than that they were met without belligerence. A Japanese scout plane which flew over the confluence of the Amur and Sungari Rivers was fired upon by Russian guards, who slightly wounded the pilot; the Japanese Ambassador in

Moscow on March 2 was instructed to file a complaint. The Japanese War Office on March 14 announced that a Soviet plane had been forced down thirty-five miles inside the Manchukuo border, about 150 miles north of Vladivostok. The two Russians in the plane were held pending investigation, notwithstanding the explanation of the Soviet Embassy in Tokyo.

Late in February the Soviet authorities at Vladivostok declared that the annual Japanese fishery bids were unsatisfactory. Russia doubled the rate of ruble exchange, demanding 75 sen per ruble. But the dispute was reported on March 20 to be on the way to settlement.

Negotiations for the sale of the Chinese Eastern Railway have languished, but on March 6 it was reported that Foreign Minister Hirota met Ambassador Yurenev for two hours. The latter is alleged to have offered a much lower price than any previously mentioned.

The charge that the Russians are supplying arms to Chinese insurgents was repeated on March 11 by the Rengo News Agency in Harbin in connection with the account of a revolt at Ilan, on the lower Sungari River, in which the commander of a Japanese infantry regiment was killed and ten other officers were reported missing. The natives around Ilan have been anti-Japanese from the beginning and it is suspected by the Japanese that they are receiving arms from Russians on the other side of the border. So there is much bickering back and forth, but the general situation between Moscow and Tokyo appears to be much eased.

OPENING UP MANCHUKUO

According to C. Nagakura, manager of the New York office of the South Manchuria Railway, the Manchukuo railway building project calls for an addition of 2,500 miles of new railways every ten years until a total of 15,000 miles has been reached. There has already been added a 375-mile crescent from Harbin to Tsitsihar, by way of Hailun and Koshan. To this crescent has been attached a sixty-mile branch to Merghen, and 190 miles are now in process of building from Peianchen, on the crescent, to Taheiho, on the Amur River. The area thus being opened up is suitable for both soya beans and wheat. The railway lines also will facilitate the movement of troops in the direction of the Siberian border, where it might be possible to cut the line of the Transsiberian route to Vladivostok. This new building is in addition to the proposed new line northward from Yuki, Rashin and Seishin on the Korean coast, to Sansing on the Sungari River. Work has been begun on a 100-mile extension to the Chinchow-Peipaio line in Jehol, and there is also a plan to extend the Taonau-Solun line to Hailar, or to Manchuli, thus skirting the border of inner Mongolia.

Reports emanating both from Tokyo and Manchuria make it appear that keen competition has already commenced among European manufacturers to furnish building materials for these projects. André d'Olivier, representative of the French National Association for Economic Expansion, on March 5 reported orders amounting to $16,450,000.

General Kuniaki Koiso, Japanese Chief of Staff in Manchukuo, in an interview on March 7, declared that while Manchukuo has been forced to formulate a policy of State control of industries necessary for defense and for the most rapid development of communications, foreign investors would be welcome—even if their governments withheld recognition—in

other industrial enterprises and in merchandising. There is thus disclosed the difficulties inherent in any effort of the foreign powers to maintain a real Open Door policy in Manchuria. The most obvious enterprises now demanding capital are those which General Koiso would no doubt declare to be necessary for national defense and the development of communications.

IN THE JAPANESE DIET

The Japanese Diet concluded its session at midnight March 25. The Cabinet, which early in the month survived a minor crisis, secured no less than forty-eight out of the forty-nine bills it presented. The present government is expected to last at least another year, for Admiral Saito, as Premier, has achieved a notable political success.

Among the numerous measures rushed through the Diet in the closing hours was one subjecting the petroleum industry to rigid government regulation. Among the provisions to which foreign oil companies also are subject is the requirement that importers shall always maintain large stocks of oil—to insure plentiful supplies in event of war.

TRENDS IN CHINA

It continues, as in the past, to be not only difficult but impossible to select from the current grist of news any small group of items which, taken together, give a clear picture of trends in China. It was formally announced on March 28 that Dr. L. Rajchman, the League of Nations health officer, who went to China last Summer as liaison officer for the League in the proposed program of Chinese reconstruction, is returning soon to Geneva, as are Jean Monet, League financial expert, and Mr. Maurett, labor specialist. From "the highest official circles" it was reported that the Chinese National Economic Council has about reached the conclusion that such highly paid expert service is too costly a luxury in view of China's internal conditions. Thus, the League program of cooperation is to be curtailed, all of which is pleasing to the Japanese, who from the outset opposed it. Japan also viewed with much satisfaction the retirement some months ago of Dr. T. V. Soong, who carried to Geneva the invitation which took Dr. Rajchman to China.

In similar vein is the announcement on March 14 of the reduction of the famous $50,000,000 cotton and wheat loan which was arranged last year in Washington. Premier Wang Ching-wei said it would be cut to $30,000,000, but it is expected that the reduction will be much greater. The wheat quota has been absorbed, but the cotton is moving slowly.

General Chiang Kai-shek appears to have followed up his success in Fukien by a bloodless victory in Canton. The Southwest Political Council, for five years a thorn in Nanking's side, and steadfastly opposed to conciliation toward Japan, was dissolved on March 6. A new alliance has been reported between Chiang Kai-shek and General Chen Chi-tang of Canton. It is expected that the latter will permit the establishment in Canton of a branch of the Nanking Military Affairs Commission, which will be entrusted with the general direction of military affairs in Kwangtung, Fukien, Yunnan, Kweichow, Kwangsi and Hunan. On March 26 it was reported from Hongkong that for the deal Chiang Kai-shek paid $15,000,000. Nanking thus achieves a step toward national unity which will permit concentration on the remaining Communists in Kwangsi, and upon the rebellious General Sun Tien-ying.

CURRENT HISTORY

JUNE 1934

Fascism Fails Italy

By HUGH QUIGLEY*

MORE than twelve and a half years have passed since the Fascists marched on Rome, and almost fifteen since the founding of the Fascist party. Thus sufficient time has elapsed for an assessment of what has and has not been achieved under this new régime.

At the end of 1933 Mussolini had laid at least the foundations of the new order. He had completely eliminated liberty of speech and liberty of the press. He had secured absolute control over the entire educational system and had inculcated education for fascism in the schools so thoroughly that, out of a school population of 4,500,000, rather more than 3,000,000 were enrolled in sections of the Fascist party, represented principally by children in Ballila schools, Avanguardisti, Little Italians and Young Italians. He had been instrumental in introducing new architectural styles associated primarily with the Fascist symbols and was inspiring a new body of art and applied design. He had vested in himself supreme power and was arranging for the abolition of the last vestiges of democratic government.

If regimentation could determine the culture of the new generation, then fascism was successful, but it is essential to obtain some historical perspective. In the immediate post-war years, 1919-21, the two countries in Europe which were really alive in the cultural sense were Italy and Germany, particularly Italy. In Naples, Rome and Milan the younger generation had begun definitely to stage a new and almost revolutionary movement in art, poetry, philosophy and literary criticism. Benedetto Croce had gathered round him in Naples a band of young philosophers and poets who were actively seeking fundamentals and giving adequate expression to their discoveries and their enthusiasms. It was only neces-

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sary to visit the art exhibitions, to read the volumes of philosophy and poetry which were issued, and to study literary periodicals like *La Ronda,* to understand how vital was this new movement.

Italy might have had a cultural renaissance comparable with that which took place in France during the latter half of the nineteenth century. Nevertheless, largely owing to the influence of Giovanni Gentile, the idealism of the new Italy verged on absolutism and the theory of the domination of the State over personal liberty. It is significant that the first Minister of Education under the Fascist régime was Gentile, and his idealism has been incorporated in fascism.

In art, in the early years of the Fascist régime, crudity and vulgarity appear to have been the main influence. This phase reached its highest point in the Fascist memorial effort at Bolzano—although some critics may admire the curious sculptures, outside and inside, with which this memorial is adorned. It had, however, the merit of strength and vivid line, an elementary sense of form and of mass which might be transformed into something genuinely inspired. As the Quadrennial Exhibition in Rome in 1931 showed, Italian art has failed to advance along those lines of crude originality; instead, it has degenerated to a poor and pale reflection of the art movements which had held so much promise ten years earlier. In that exhibition, with the exception of the drawings illustrative of the Book of Genesis by Adolfo Wildt, there was no single painting and no single piece of sculpture which was different from the accumulations of junk which are shown with monotonous regularity at the Venice Exhibition.

While fascism has manifestly failed in purely artistic development, it has, as the Milan Exhibition of Architecture and Industrial Art in the Summer of 1933 proved beyond all doubt, begun to create for itself new standards of design. There was demonstrated an appreciation of the relationship between the modern world as science and technique have created it and the social embellishment of such a world. In pottery, furniture, glassware, textiles and, to some small degree, also in frescoes and mural decoration, the Milan Exhibition showed that at last fascism had been successful in establishing some intimate contact between the artistic emotion inherent in its people and its concrete expression. But even in 1933 achievement in this respect showed very little real advance from what had already become common in 1921.

Fascism has had its greatest victory in architecture, though from some points of view it can hardly be regarded as worthy of commendation—even from the point of view of the State. Fascist architectural achievements—and they are sufficiently notable—are to be found in such things as exhibition buildings, palaces for the industrial and other corporations created under the Fascist system, squares in the principal cities where the Fascist leaders can have an auditorium sufficiently large for their eloquence, innumerable postoffices of extraordinarily striking, and in some cases beautiful, design, remarkable statues and groups of statues and the rather notable, if architecturally extravagant, railway stations at Milan and Naples.

On the other hand, fascism has to its credit no great housing schemes to relieve congestion and provide better homes for the working classes. Its record of public service, particularly in the smaller towns and in the suburbs of the cities—public service as repre-

sented not only by utilities, but by such things as hospitals, sanatoria and schools—is poorer than that of any other European country in the same political category, and is certainly poorer than that of pre-Fascist Italy. Slum areas have been cleared in order to make room for grandiose conceptions such as the great boulevard running from the Capitol to the Coliseum in Rome or the new park at Santa Lucia in Naples, but no real provision has been made for rehousing the population displaced. In this respect Fascist history is one of unrelieved indifference and brutality.

To some extent this omission has been made good through the development of entirely new university groups, particularly in Rome and Milan, where expression is given, in stone at least, to the theory that in the modern State education can be a great economic weapon. The Fascist love of physical exercise and sport, deliberately imitated from Roman times, has been expressed in the great new stadia of Rome and Florence. In the leading mountain resorts a new type of hotel architecture, extraordinarily effective but of little social or economic worth, has been created. In the end, little can be said except that some attempt has been made to give some spiritual decoration to the materialistic and brutally imperialistic system of fascism.

Italy in thirteen years has thrown up no artist, no philosopher, no poet, no novelist of more than purely local significance. Its leading figures in the literary and artistic world are, with one or two exceptions, men who had made their reputation before the advent of fascism.

In the social and political spheres, the great achievement of fascism has been the abolition of the machinery created by democracy during a fairly short period of evolution, punctuated by semi-dictatorships as represented by the pre-war Giolitti régime. In fairness to fascism it must be remembered that Italy never was a pure democracy, but was always governed by a small group representing special interests which were not always identical with the real economic and social interests of the State. It is, however, untrue that old semi-democratic Italy before October, 1922, was threatened with collapse, as fascism claims.

Italy in the hands of Liberals like Nitti and Conservative Democrats like Giolitti was reasonably well-governed. There was considerable freedom of discussion, both public and private, while public interest in the elections which put Giolitti into power was, if anything, keener than in any phase of fascism which has since appeared. Italy under men like Nitti, Giolitti and Facta had embarked on a policy of European pacification based on a closer cooperation with France and freer industrial relations with Germany. The political complications of the Southern Tyrol, which has always been a somewhat difficult area, were being overcome. Moreover, the nation was financially strong enough to plan important schemes of public works destined to improve the economic condition of the country. It had already begun, or encouraged, hydro-electric development on a large scale and had actively supported the creation and extension of industry. Those are facts which can be proved by existing documents.

In 1921, at a time of world economic crisis almost as severe as that of ten years later, there were definite signs of recovery in Italy, not the least of those signs being the unrest which characterized the relationship of capital and labor in the engineering and transport industries, particularly in

the north and centre of Italy. It is true, of course, that local politics were no better and were probably in some areas degenerating in quality and in objective. The emergence into political power of the party officially attached to Roman Catholicism was perhaps the most significant change, for, apparently, from what we have seen in Germany and Austria, the change to Roman Catholicism in political voting is in Europe almost invariably the prelude to political dictatorship.

Fascism, a product of an economic crisis, would have been impossible under normal political conditions. Though its success had practically nothing to do with the political and social condition of Italy, the plea that democratic government had failed had a specious justification in a period of depression, even if the real point was that the economic and political system which had come into existence under capitalism had proved itself inadequate to control the excesses and make good the deficiencies of capitalism.

Italy's democratic façade — the Chamber of Deputies, the Senate and the Monarchy — remains, somewhat precariously, to be sure, since the Chamber of Deputies is due to vanish. The real executive power is now vested in the numerically small Fascist party (a closed political union until the end of 1932, when a new orientation toward the people began to take effect), in the Fascist Grand Council and the Duce, its leader, who combines in one man the Premiership, the control of all armed forces, the legal executive and the presidency of the National Council of Corporations. In its final evolution, the Fascist administrative machine is to comprise the National Council of Corporations, representing capital and labor combined; the Fascist Grand Council, representing the Fascist movement with its private army and police, and the Duce, in supreme control like a modern Augustus. Of democracy the last trace will have vanished.

In the economic sphere one can trace three main developments in Italy since the beginning of the Fascist régime: (1) Deflation; (2) State control of industry as a consequence of deflation; (3) exploitation, through deliberate State action, of economic resources—a necessary consequence both of deflation and of State control of industry.

Like all extreme dictatorships, the Fascist régime is based on a policy of acute financial and social deflation. There has been a steady decline of currency in circulation ever since 1925. Currency then reached its highest point at 21,000,000,000 lire; at the end of 1932 it had fallen to 13,700,000,000 lire, and if allowance is made for the gold value of the lira it was no higher then than at the beginning of the war. During 1933 it had fallen further still and on Feb. 28, 1934, was about 12,700,000,000 lire.

As a result of this constant and severe deflation, the whole economic life of the country has been restricted. In 1921, before fascism, the number of ordinary bankruptcies stood at 1,768; in 1922 this figure had risen already to 3,607 and in 1932 to 12,825. The figure declined slightly in 1933 to 9,954. But smaller bankruptcies covering liabilities of less than 5,000 lire before July, 1930, and of 20,000 lire after that date must be included. In 1921 this figure was 128, in 1922 it was 251, but in 1930 it rose to 4,476 and in 1932 to 11,212, a figure which grew in 1933 to 11,354. The total of all bankruptcies had risen, therefore, from 1,896 in 1921 to 21,308 in 1933.

Such deflation has caused a steady decline in wages paid to industrial workers. At the beginning of 1928

the average hourly wage paid in industries amounted to a little over two lire; in agriculture a much lower figure than this obtained, the average for men, women and children ranging from less than one lira to about one lira and a half. At the end of 1932 the average industrial wage was about 1.75 lire, while in agriculture the highest wage paid was 1.18 lire for men; women and children obtained from .64 to .68 lira. In 1933, these figures were still further reduced, so that the average hourly wage paid to labor, including agriculture and industry, is now not much more than 1.5 lire, equivalent at par to 8 cents an hour.

These figures, which are obtained from official Fascist sources, would indicate that under fascism labor is worse paid than in almost any other European country. Though the cost of living has fallen more rapidly than wages, unemployment has diminished the national purchasing power, with a consequent decline in the real standard of living. In January, 1928, 439,211 were registered as unemployed; in January, 1932, 1,051,321, and in February, 1934, 1,103,550. The highest total—1,229,387—was recorded in February, 1933. Those figures are not complete and do not apply to the entire body of labor. In September, 1926, 6,402 plants employed 989,599 workers; the same plants in January, 1934, employed 451,921 workers full time, 52,940 overtime, and 154,481 workers part time. At least one-third of all workers in industry were idle. The real number of unemployed in January, 1934, on a conservative estimate, was between 1,800,000 and 2,000,000, inclusive of agriculture.

Deflation has, of course, influenced national production. Ever since 1926 there has been a steady decline in the output of coal, lead ore, iron and steel and chemicals. There has been some increase in certain sections of the iron industry, particularly in 1928-1929, in copper, in finished lead, in sulphur and in super-phosphates, but fascism has not succeeded in arresting the long-time decline in natural silk production—one of the principal industries of the country—and there is some fear now that this industry will collapse.

The total volume of foreign trade has shrunk from its highest point of 44,500,000,000 lire in 1925 to 13,500,000,000 lire in 1933, a decline to less than one-third of the 1925 total. This collapse cannot be explained away by a fall in prices. Part of it can be attributed to the change that has occurred in the gold value of the lira as expressed by the dollar-lira rate. In 1925 the average dollar rate was 23.6 lire and this rose to 19 lire in 1932. Though the devaluation of the dollar has since brought the figure up to a little less than 12 lire to the dollar, such devaluation began only in March, 1933, and has consequently had little to do with the long-term fall in Italian trade. Italy has been successful in reducing the adverse trade balance from almost 18,000,000,000 lire in 1925 to 1,440,000,000 in 1933, a figure that has remained constant since 1931. But this indicates a curtailment of the nation's economic life.

Fascism boasts that, through clearing up the financial position, the Italian Treasury under Mussolini has been able to wipe out a deficit which, in the year 1920-21, was 17,400,000,000 lire, in the following year 15,700,000,000 lire and in the year 1922-23 3,000,000,000 lire. During the period 1923-30, the national accounts balanced, with a small surplus, but since then there has been a deficit—one which from July, 1930, to February, 1934, totaled 14,200,000,000 lire, and in the year

July, 1933-June, 1934, will exceed 8,000,000,000 lire.

Italian accounts are so complicated that it is difficult to decide exactly what is the real position. We know that the long-term debt has risen from 84,800,000,000 lire in 1928 to 92,700,000,000 lire at the end of February, 1934, while the floating debt, which in 1928 amounted to 1,618,000,000 lire, totaled 9,874,000,000 in February, 1934—an increase of 16,156,000,000 in the total internal debt. Budget deficits have been reduced from time to time by the emission of bonds, the total of which cannot be accurately established. Advances to the central government by the Bank of Italy rose from 2,153,000,000 lire in 1932 to 9,123,000,000 lire in 1933—an increase of almost 7,000,000,000 lire.

The shrinkage in national economic effort has been reflected in a corresponding decline in the national income from rather more than 100,000,000,000 lire in 1929 to less than 60,000,000,000 lire at the depth of the depression. The total taxation levied on this income, including local taxation, exceeded 34,000,000,000 lire, or rather more than half the income on which it could be levied.

The net effect of deflation has been, consequently, a reduction in the total productive effort of the country, a reduction in the national income, a reduction in wages, a reduction in the standard of living, a reduction in export trade, a rapid increase in bankruptcies, a rapid increase in taxation and in the long-term national debt.

The situation would have been desperate if the Fascist government had not introduced a number of palliatives in the form of fairly heavy expenditures on public works. In the eleven years of the Fascist régime expenditure on public works, including railways, amounted to a little less than 21,000,000,000 lire, quite apart from local and regional expenditures. The principal public works on which this money has been expended are roads, irrigation and water-power projects, docks and harbors, public buildings, railway extensions and railway electrification, drainage, and civil and sanitary engineering. In February, 1934, persons engaged on public works numbered about 240,000, of whom 59,000 were employed in agricultural improvement schemes.

In addition, the State has advanced considerable sums in the form of subsidies, particularly to the merchant marine, not so much to expand tonnage as to improve the competitive strength of existing lines. The government has paid in subsidies to the merchant marine and the shipbuilding industry an amount averaging over the last six years between 300,000,000 and 330,000,000 lire annually.

The Italian Government has also set up a series of institutions to grant credit to agriculture, to finance industrial re-equipment and to regulate the flow of long-term credit for industry. In practically every case those developments have led to increased control by the State over the industrial and economic activities of the country.

This control has affected the relationship between capital and labor, statistical reports, increased productive capacity and credit. The old types of employers' associations and trade unions were abolished early in the Fascist régime and in their place was established a series of syndicates of employers and of workers, covering the principal industries. Those syndicates in turn were united in a series of confederations covering the main sections of industry, commerce, agriculture, credit and insurance, marine and air transport. Professional workers and artists were brought to-

gether in their own organizations. At the end of 1932 there were 415 syndicates of employers, 355 syndicates of workers and 1,026 syndicates of professional workers and artists.

These confederations were brought together under a Ministry of Corporations controlled by a special Minister. Membership of each syndicate entailed enjoyment of all the privileges and all the advantages resulting from the Fascist Labor Charter, which laid down, among other things, that the syndicates should negotiate collective agreements about wages and hours of labor. In addition to full members or associates, non-associated members can be enrolled who have little but the privilege of contributing to the tax levied for the maintenance of the system—a tax which amounts annually to almost 300,000,000 lire. The syndicates do not deal with social insurance or unemployment, but recently they have been forced to devote some attention to the development of labor exchanges and the allocation of unemployed to industrial firms.

It is essential to note, however, that the syndicates do not really cover the entire body of Italian industry, while associates or full members, both on the labor and on the capital side, represent a percentage varying between less than 20 per cent of the total syndicate in the case of agriculture and 80 per cent in the case of workers in industry. The syndicate organization, for example, covers a little over 2,000,000 workers in industry, though the census of 1929 gives twice that total employed. In commerce the census gave a figure of over 1,600,000, while the National Confederation covers only 650,000.

It has been the boast of the Fascist régime that, through its organization of syndicates under government departments, it has been possible for Italian industry to stand up to the world economic crisis, but, as we have already seen, it has not prevented large numbers of Italian firms from going into bankruptcy, or prevented unemployment on a large scale in Italy. All it has done has been to make it impossible for labor to obtain better conditions through the use of the strike. The syndicates have allowed employers to cut wages to an extraordinary degree with impunity, particularly in agriculture, and have made it difficult for industrialists to adjust themselves quickly to changes in national and international trade. The organization of Italian industry is no better now than it was in 1922, and, to that extent, therefore, State control has been of little advantage.

In another direction, however, State control has been much more effective. At the beginning of 1932 the Banca Commerciale Italiana, the main body controlling Italian industry from the financial side, was compelled by the State to surrender its holdings of industrial securities, by which it controlled a large number of firms, to a new body administered by the State and the Bank of Italy in combination —a body to which we can give the name of Securities Management Trust. This body was strengthened by the formation on Jan. 21, 1933, of an Institute for Industrial Reconstruction. Its main function is to round out the activities of the Securities Management Trust in regulating and placing on the market industrial capital, by carrying out long-term operations to assist private industrial firms in reorganizing their productive and financial equipment.

The second organization was supplemented by the creation on the same date of an Institute for Industrial Demobilization, which would liquidate bankrupt industrial firms in

such a way as to avoid any adverse effect on the Stock Exchange. At the end of 1932 both institutes had received a credit of almost 1,900,000,000 lire from the Bank of Italy, while the Institute for Industrial Reconstruction, which absorbed the other institute in 1933, had a credit of 1,132,000,000 lire at the end of February, 1934.

The government, therefore, has tried to control industry, first, through participation in capital; second, through the control of the issue of new capital; third, through regulation of bankruptcy and other liquidation proceedings. The thesis of fascism is that only industrial firms which are capable of existing through their own vitality should be assisted. Weak firms, on the other hand, should not be allowed to weaken the efficiency of the strong. In a fourth way, the State has assumed control over industry through the fact that it has forbidden expansion of manufacturing equipment without its specific consent. Agriculture has been controlled largely through heavy expenditures on irrigation, pumping, drainage and other measures for improving land—operations which have covered a total of more than 10,000,000 acres—and through control over the National Agricultural Institute.

Through the government's initiative in forcing the main shipping lines to amalgamate in two companies, notably, L'Italia and Lloyd-Triestino, both dependent on State subsidies not only for their commercial operations but for the provision of new ships, that industry has also fallen under government control. Finally, the government, by forcing the commercial banks to engage in banking operations only and to avoid investment in industry, has made it certain that the banks will be subservient. State control, therefore, has advanced far in Italy, but it has not yet taken the form of genuine public service. What has actually occurred has arisen from the policy of deflation combined with the adverse effects of the world economic crisis. As to economic planning in Italy, there is none.

Side by side with this movement toward control has come the deliberate action of the State in making Italy, as far as possible, a closed economic unit. Through the "battle of the wheat," which came to a triumphant conclusion in 1933, the production of wheat in Italy was raised from an annual average of about 201,850,000 bushels for the period 1921-1926, to over 293,600,000 bushels in 1933. The campaign sought to render Italy independent of imports, but unfortunately, deflation brought too great a success. The national consumption of wheat has fallen in a straight line from the peak of about 293,600,000 bushels for the year ended July 31, 1929, to nearly 253,230,000 bushels for the year ended July 31, 1932. Probably now it is less than 220,200,000. Thus there was a surplus of at least 73,400,000 bushels for the 1933 crop alone—a surplus which the government, through subsidies of various types, is attempting to export, mainly to Central European countries.

In other agricultural products, however, with the possible exception of wine, there has been no real increase in output and a small decrease in imports, while in every case home consumption has fallen since 1929. The shrinkage in consumption of foodstuffs generally has been so great, particularly in the last three years, that the standard of living in the years before the war was actually higher than it has been in the years 1932-1933. Fascism completed its first ten years of existence by nullifying almost completely the improvement in

the economic and social condition of Italy effected between 1910 and 1922.

In other directions there has been a deliberate attempt to reduce dependence on imports. Active assistance has been granted, for example, to hydroelectric developments, so much so that at the beginning of the world crisis there was an enormous excess of productive capacity in water-power plants. Railway electrification has been pushed under the Fascist régime. In 1925 about 540 miles of electrified railways were in operation, but at the beginning of 1934 this figure had risen to more than 1,260 miles, while approximately 2,700 were in the course of electrification, linking Milan with Bologna, Leghorn with Rome, Naples with Reggio di Calabria, and Florence with Rome. Electrification of this type will reduce the consumption of coal on the State railways in Italy to 1,000,000 tons. Until 1931 the Italian State Railways showed a slight surplus, but from that year onward there have been heavy deficits, so that the capacity of the railways to stand the service of increased capital expenditure is much less than it was even before the advent of fascism.

The picture given by Fascist Italy on the economic side bears little resemblance to what has been described so sedulously by protagonists of the Mussolini régime. The greatest achievement of Mussolini, namely, the increase in the wheat production of the country, has been accompanied by a decline in home consumption and the creation of stocks which are practically unmarketable. It has also been accompanied by a large increase in agricultural unemployment. In January, 1928, unemployment in agriculture amounted to about 126,000, while wheat production in 1927 amounted to 194,510,000 bushels. In January, 1934, after a wheat crop of over 293,600,000 bushels, unemployment stood at 333,000, so that the battle of the wheat has presented the Fascist government with two insoluble problems—the relief of agricultural unemployment and the disposal of a wheat surplus in an already glutted world market.

This survey might be continued indefinitely, but the main points that emerge are these:

1. Italy has gained, on balance, nothing in the cultural, economic and political spheres during the period October, 1922-March, 1934, which can justify the Fascist experiment. It has lost, on the contrary, twelve years.

2. Industrially and socially, Italy has definitely lost ground. It is only necessary to wander up the valley of the Oglio and visit manufacturing centres in the vicinity of Milan, Turin and Venice to discover how paralyzed industrial equipment has become.

3. In art and culture Italy has painfully reached the state of development of 1921, but the population is poorer, less effectively educated and less capable of supporting any cultural movement that lacks State aid.

4. Deflation has so undermined the structure of State finance and banking that only further desperate measures of restriction can keep it intact. Its collapse, under the present régime, is only a matter of time.

Dictatorship or Democracy?

By SIR HERBERT SAMUEL*

Did any one foresee in 1914 that twenty years later, in some of the greatest countries of the world, democracy would have been overthrown? For two centuries political liberty had grown and spread; in two decades the advance has been stopped and the movement reversed. What has been the extent of the reaction? What have been its causes? What are the lessons to be drawn?

But do not let the conditions be exaggerated. There are some who speak as though the reaction was already dominant almost everywhere and would soon overwhelm the few democracies which remain as exceptions. Yet among these exceptions, not unimportant, are all the countries with Anglo-Saxon origins—Great Britain, the British Dominions, the United States. Also among the exceptions are France and all the progressive, enlightened States of Northwestern Europe—Sweden, Norway and Denmark, Holland and Belgium. In not one of those countries have Fascist principles made any appreciable advance; in not one of them do they show any signs, so far, that they are likely to do so. In addition are Switzerland, Czechoslovakia, Spain, and many countries in the Balkan Peninsula, around the Baltic Sea and in Central and South America, in which free institutions remain unimpaired. All these countries together, with their dependencies, cover by far the greater part of the civilized world.

Let it be remembered also that among the States in which liberty has been overthrown are several where it had never been long or firmly established. No one would regard Russia or Poland, Turkey or Persia, as lands of historic freedom. It is more remarkable that for brief spells parliamentary institutions should have been established there than that they should have soon disappeared. Reduced to its right proportions, the feature in world affairs that is new is offered by the two countries of Italy and Germany, together with Austria, which has now yielded to the powerful influences besetting her from the south and from the north.

The war imposed an immense strain upon all the countries in Europe which took part in it, a strain both economic and moral. When the war ended, there was widespread disorganization. In Italy, where for a generation no great political leaders had appeared and where the masses of the people had never taken a keen and practical interest in the duties of citizenship, the authority of government was weak. Sporadic strikes, industrial disorders, indiscipline in the public services seemed to have brought society to the verge of dissolution. In Germany there was the economic collapse; reckless financial measures of bewildered governments, coupled with insistent pressure from outside for the

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payment of war reparations, had brought about an inflation of currency which had completely ruined a large part of the wealthy and middle classes; among the working people 6,000,000 were unemployed, living in extreme distress, with little hope of early rescue. Further, the German Constitution, through a bad form of proportional representation, had removed the politicians from the proper control of the electors and had deliberately placed the Parliament in the hands of the party organizations, while the parties proved unable to combine in order to create or to maintain strong and stable governments.

In such conditions, whatever régime existed was condemned by the very fact that it was there and had to carry responsibility for the sufferings of the people. If in Germany Kaiserism had survived until 1930 Kaiserism would doubtless have been overthrown and a parliamentary republic established. Since a parliamentary republic had been created already, it had to bear the brunt. And in such a time whatever has been already disliked is condemned with a fresh vehemence and hatred. For the intolerable conditions that prevail, Socialists put the responsibility upon capitalism, protectionists upon imports from abroad, fervent patriots upon subservience to foreign powers, anti-Semites upon the Jews. If any one has the ingenuity to combine all those hatreds into one concentrated force, he soon finds himself at the head of a mass-power more than sufficient to sweep away the defenses, precariously built and inadequately manned, of a newly founded democracy.

Liberty suffers from this further handicap: For the very reason that it believes in freedom it is loath to suppress propaganda directed against itself, or to use armed violence against its opponents. Dictatorship, by its very nature, is hampered by no such scruples. The moment it seizes power its opponents are eliminated by force; it crushes at the outset every movement for further change. Having suppressed all criticism of its actions, it proceeds to magnify its own successes, to conceal from the people knowledge of its failures and to develop a new technique for pressing into molds of its own making the fluid opinions of the rising generation.

School books are revised so that children shall know only those facts in past history which may be held to justify the doctrine that has become dominant. The universities, the churches are forced into line. All the organs of propaganda—the cinema, the theatre, the platform, the wireless, the press—are directed to the one end. Every counter-agency is shut down.

According to a recent report from the Berlin correspondent of the London *Times*, in Germany in a single year about 1,000 newspapers have been suppressed and some 350 more have found it impossible to continue publication under the conditions that exist.

Professor Whitehead, the eminent philosopher, now at Harvard, surveying the course of human civilization, concludes that its essence lies in the substitution of persuasion for force. The modern dictator uses some degree of preliminary persuasion as the means and the justification for the permanent establishment of the rule of force. Having collected a body of convinced supporters, he uses them to suppress all convinced opponents. The success of the initial persuasion is held to authorize the use of violence, and the violence is used to prevent recourse by others to any further or different attempt at persuasion. An element essential to civilization has gone. And once surrendered, liberty of

speech and action is hard to restore. Failing divisions within the ruling faction and its collapse from internal causes, only by a counter-revolution can liberty be re-established.

There is nothing new in all this. There have been similar suppressions of freedom again and again in the course of human history. They have often brought an immediate increase in the efficiency of government and an immediate stimulus to economic prosperity. They have therefore enjoyed a temporary popularity. But each in turn has been found to bring also these three consequences:

First, and most important, there is a deterioration in the character of the nation. The man who is merely a subject, obedient to another, is on a lower level of thought and activity than one who is a citizen in a free State, sharing equally with all his neighbors in the final control of its affairs. And this difference shows itself, gradually but inevitably, in industry and commerce, in science and art, in literature and philosophy, in religion and morals. It is the universal experience of mankind that despotism blights culture. Only in a country politically free can the claim be made which Pericles proffered on behalf of Athens: "Her members yield to none for independence of spirit, many-sidedness of attainment and complete self-reliance in limbs and brain." And since the purpose of all social action is to enable the individual man and woman to lead the best life, and because these qualities are essential elements in the best life, the conclusion is that dictatorships, whether in the hands of a person, a party or a class, stand condemned. This is why, in the long run, Lincoln was right in saying that "self-government is better than good government."

In the second place, dictatorships have almost always led sooner or later to war. They set out to exalt the military spirit and the soldierly qualities. The emphasis is upon strength and power, discipline and obedience. Consequently, they arouse alarm in the countries around them; there is a repercussion, and they themselves are hit by the recoil. "He who makes many afraid of him has himself many to fear." In the modern world militarism, successful perhaps in the beginning, ends always in disaster. Every Napoleon finds his Leipzig, his Waterloo and his St. Helena, every Wilhelm II his Doorn. But on the way, how much suffering for innocent populations, how many millions of maimed and dead, how much desperate anxiety and agony of loss!

Thirdly, there is no provision for change under dictatorships. The element of permanence, of authority, of compulsory unification, which is their justification and their initial strength, becomes before long their weakness and final undoing. They usually depend upon a single dominant personality. But men are mortal and die; a dominant personality, because of the dominance, gives no room for a successor to emerge. And not only that. There is sometimes a worse event. Men's powers decay as age advances, while the person, the great name, the long-continued prestige persist, and with them the control. Nothing is so dangerous as an aging dictator whose grasp of power continues while his grasp of affairs declines. Where there is no free constitution there is no means of replacing by peaceful means a government which has become weak and discredited. So the nation which accepts authoritarian rule for the sake of security and tranquillity finds itself before long a theatre of uncertainty, and ultimately the scene of violent upheaval.

All this stands out crystal-clear as the lesson of history, repeated again and again in the long and blood-stained annals of mankind. "All history," said Lanfrey, the illustrious French historian, "is one long plea for human liberty." But multitudes have no knowledge of the past, or else seem unable to apply its teachings to the conditions of the present as a guide to the future. They cannot or will not learn from the experience, gained so painfully, of those who have gone before them; they must themselves incur the pains of gathering their own. "To most men experience is like the stern lights of a ship, which only illumine the track it has passed."

There is, it is true, one new feature in fascism which distinguishes it in some degree from the innumerable authoritarian governments which have preceded it. It has developed a theory of the "Corporate State." Representative assemblies are to be permitted to exist, without indeed any power of decision but with certain advisory functions, and these assemblies are to be based, not upon a common citizenship, but upon professional or industrial occupations. An elector will vote as member of a guild—according as he is lawyer or doctor, blacksmith, cotton operative or miner, or whatever his calling may be. The national assembly is to be a federation of such guilds. On this principle a citizen is to share in guiding the affairs of his country, to whatever modest degree that may be permitted, not as a man, nor yet as Italian, or Austrian, or Englishman, but as engineer or teacher, as boot operative or railway man.

Such a doctrine may be clearly seen on examination to be fundamentally wrong in principle. Life is more than work. The man is more than his calling. A State has to deal with many things besides economics. The British Parliament, for example, may be discussing on one day the safeguarding of peace through the League of Nations; on the next, the character of religious education to be given in the elementary schools; on the next, the question of accidents on the roads. It has to consider measures relating to India and the Crown colonies, controversies between Great Britain and the Irish Free State, matters affecting the public health, the Postoffice, broadcasting; questions of national defense or the burdens of taxation. How can a member of Parliament be expected to deal with any one of these matters solely, or even primarily, from the standpoint of some industrial or professional corporation of which he found himself the elected representative?

But more than that. It is the predominant fault of our modern civilization that it is already too materialistic; it is not too little but too much concerned with economic matters; the higher values are subordinated. "Things are in the saddle," said Emerson, "and ride mankind." To give, with Karl Marx, an "economic interpretation" to history is to falsify history. There is an economic factor, no doubt, and it is of great importance, but it is one factor among many and only sometimes the chief factor. To take the Hammer and the Sickle as the symbol of a State is to exalt the hand and the tool above mind and personality. The citizen is man and not merely worker. Political philosophy is wider than political economy. The materialist view of the world is narrow and stunted. For that reason the root idea of the "Corporate State" is false.

The effect of such a Constitution would clearly be—and perhaps that is its purpose—to give the appearance of representative assemblies without the reality. Before the public eye some-

thing in the nature of a Parliament would be displayed, meeting in the Parliament House, discussing this and that. But neither in constitution nor in powers would there be anything worthy of the name. That manufacturers and merchants and workmen should be brought, as such, into closer and more direct contact with governments is no doubt desirable. That is one of the chief purposes of the National Recovery Administration established by President Roosevelt. Some of us in Great Britain are advocating with a similar object the creation of a Ministry of Industry, including an advisory council fully representative of those classes. But to suppose that a council on those lines could perform all the functions of a legislature, could discuss profitably the scores of varied questions of home and foreign policy is to ignore the first elements of any sound political philosophy. The nation would be weak indeed which would accept an advisory economic council as a substitute for a Parliament, and very gullible if it believed that, because it was named by its authors the "Corporate State" it had anything in common with the free State system whose destruction it was intended to palliate and conceal.

The friends of freedom in the United States, in France, in the British countries should not themselves fall into the error which they condemn of ignoring or undervaluing the experience of others. It would be well to mark the causes and to learn the lessons of the collapse of democracies elsewhere. No country can safely assume that it is by nature immune from diseases to which its neighbors have in fact succumbed. If the same conditions were to prevail with any of us, can we be certain that the same results might not follow as with them?

Let us recall that the chief of those conditions was the lack of a strong, stable, efficient Executive, able to cope, vigorously and successfully, with a grave economic crisis. A nation must have such an authority. If parliamentary institutions cannot produce it the nation must look elsewhere. It will not submit to starve, or to dissolve slowly into anarchy, while politicians palter with the impending disasters and a succession of feeble Ministries flit like transient phantoms across the parliamentary stage. But experience shows that the old-established democracies, with electorates keenly interested in the conduct of their own public affairs, can and do produce executives able to meet such a situation.

It is not necessary to go back to past history for examples. In each of those countries in recent years situations have arisen hardly less dangerous than those which proved catastrophic in Italy and in Germany, but they have been dealt with in a different way. In 1931 a financial crisis, very formidable in character, arose suddenly in Great Britain. The leaders of the three political parties conferred together as to the best means of meeting it. The government in power resigned; the party leaders combined to form an administration to replace it; the new government immediately proposed to Parliament a series of drastic measures adequate to resolve the crisis; the House of Commons, that had been elected two years before, endorsed them; the people at a fresh general election confirmed them by a decisive vote. The danger was averted, and although a full prosperity is still far from being restored in Great Britain, that perilous crisis was successfully overcome.

In 1932 an economic and financial collapse of an even graver character occurred in the United States. Already the American people, profoundly dis-

turbed by symptoms of danger, had decided by vast majorities to change the administration that had been in power. The new Executive at once proceeded with a series of recovery measures most comprehensive in character and pursued with the utmost vigor. Here again the overwhelming body of public opinion gave their support, and here again the peril that was imminent was warded off.

In 1933 it was the turn of France. She was faced by dangers similar in their gravity but more political in form and less completely economic; and here again the healthy forces inherent in a great educated and intelligent democracy became effective. Public opinion compelled the best men of almost all the parties to coalesce; a powerful government was quickly constituted; it formulated the measures which the situation demanded; the Legislature concurred; and this crisis also was successfully overcome.

In not one of the three cases was the Constitution infringed, or violence invoked, or liberty impaired. There were no arbitrary arrests or imprisonments without trial. That there should be excitement and vehement controversy was natural enough; but the necessary changes were made and the essential results achieved without injustice or oppression. In each case the electorate and the Legislature recognized that a strong Executive was the principal need in the special conditions, and that to meet those conditions special powers must be conferred. That was done accordingly. In these three countries, at least, democracy was vindicated; whatever ineffectiveness may have discredited it elsewhere, here it was proved, in all men's sight, that a free Constitution was able to act with swiftness and to meet dangers with success.

What is the lesson? Clearly the lesson is that if such a crisis were to occur, in whatever country it might be, and if no efficient stable government of a definite party complexion could be formed, politicians must again be willing to sink their differences to put first things first and to enter into such combination as might be necessary in order to save the State. And Legislatures must be willing, without jealousy, to concede to the Executive, constitutionally chosen, such powers for the time being as the emergency may require. Action of this kind is not a collapse of democracy or an abandonment of liberty. It is the vindication of democracy, the redemption of liberty.

There is a second lesson. The experience of recent years has shown that greater pains are needed to prevent dangers gathering head, to foresee and to forestall crises. It is in the sphere of finance that modern democracy shows its greatest weakness. Spending is always popular, paying the bill is not. Nothing is more acceptable on the platform than the simple attractive maxim, "More from the treasury and less from the taxpayer!" A recent writer has said: "Of the two kinds of corruption—that in which the politicians take the bribes and that in which they give the bribes—there is much to be said for the view that the second, which is the modern kind, is the more dangerous to the public interest." Sometimes both forms are in vogue. Either one or the other is a disease which may be fatal to democratic institutions.

The most usual and the simplest instrument of mass bribery is a protectionist tariff. Each industry in turn is granted benefits by the politicians at the expense of all the others; when the round is complete it is discovered that each one has lost as much as it has gained, while the country's for

eign trade has been destroyed. But combines and cartels, built up under the shelter of the tariff, bring great fortunes to favored groups. The monopolists assert that the tariff which favors them has insured employment for their operatives, and they claim that if they have grown rich in the process it has been in a good cause.

The conclusion of the whole matter appears then to be this: Democracy, if it works well, is the best form of government. Experience shows that it does sometimes work well and sometimes works badly. "Self-government is better than good government," but there is a limit to badness. When that limit is overpassed, democracy is in danger of being overthrown; and once overthrown it is hard to restore. Obviously then, if the higher form of government is to be preserved, it must be made to work well, and this can be achieved only if electorate, Legislature and Executive play their assigned parts with energy, honesty and efficiency. And that in turn depends upon a sufficient number of men and women of intelligence and good-will being willing to come forward and accept the burdens of public duty. Democracy is a hobby-horse which will go nowhere unless you use your own legs.

There come moments in history when political leaders must be ready to face unpopularity, particularly in matters of finance. It was a wise saying that "the people are a set of masters whom it is not possible at once fully to please and fully to serve." By such means, and by them alone, may the countries which in general claim to stand in the forefront of civilization maintain for this and the coming generations those institutions of freedom which have been their pride hitherto, and which can be surrendered only at the cost of their losing essential elements of their national greatness.

If Japan Fights

By WILLIAM S. GRAVES*

ALTHOUGH the tension that has for some time existed between Japan and the Soviet Union appears for the moment to have relaxed, Japan's recent declaration of policy, which indicated that she intended to assume authority over Chinese affairs and control Chinese destinies, undoubtedly constituted a new and ominous challenge to all nations with interests in the Far East. Nevertheless, it seems most unlikely that Japan would go to war with any of those nations except the Soviet Union. Since that possibility of armed conflict is so widely discussed and there have been so many predictions that such a war is inevitable, it is a matter of prime importance to ask what exactly are the issues that might lead to hostilities and what, in such an event, are the chances of victory for either Japan or the Soviet Union.

Japan is continuing her aggressive activities in Manchukuo with the utmost vigor. Japanese troops have been concentrated near the Siberian frontier; railways and motor roads, which are unnecessary for commercial purposes, are being constructed in Manchukuo; and for no apparent reason Japan has materially increased appropriations for her army. These signs are viewed with concern by all nations with a stake in the Far East, and especially by Japan's great neighbor, the Soviet Union. Are they portents of an impending conflict? Should one come, it might start a conflagration difficult to confine to Asiatic territory.

Japan, or at least the Japanese war party which for many years has been very influential in governmental affairs, has long been seeking a dominant position in Asiatic affairs. As early as 1918, for example, Japan sent 72,000 troops to Siberia, although she declared that she had no designs on Russian territory and that the troops would be withdrawn when the purposes of the expedition, undertaken in conjunction with the United States and the Allies, were achieved. Yet, Japanese troops remained two years after the other Allied forces had been withdrawn and Japanese policy seemed based on the belief that, through the support of certain Russian leaders, a situation could be created which would insure Japan control of Eastern Siberia. The Washington Limitation of Arms Conference in 1921-1922 marked the abandonment of this effort against Russian territory. Siberian resistance was proving costly to the Japanese Army, then far from an efficient, modern force. Moreover, certain advantages secured by Japan at the conference may have been contributing factors in her withdrawal.

Nevertheless, the Siberian episode did not end Japanese aggression in the Far East, as the recent Manchurian affair has demonstrated. The Japanese spirit has been forcefully expressed by General Araki. When Minister of War, he was reported to have said in a

*Major Gen. Graves, now retired, is an authority on Far Eastern military affairs. His experience as commander of the American Expeditionary Force in Siberia in 1918-20 is described in his well-known book, *America's Siberian Adventure*.

speech in Tokyo on April 22, 1932: "Japan may never withdraw her troops from Manchuria. Japan will resolutely resist any attempt to apply the Nine-Power treaty to the situation here. We need not pay any attention to what the League of Nations may say, what the Soviet Union may attempt, or what China may plot." At the time General Araki made this statement there was not a man in the government with greater influence on the policies of his country. But this speech came perilously close to expressing contempt for the rights and opinions of other nations.

Japanese statesmen whose pronouncements must be construed as indicating the intent of the Japanese Government have repeatedly stated that their military preparations are not for war against the Soviet Union, but solely for the protection of Manchukuo against Chinese bandits. Unfortunately, Japan has so disregarded her solemn agreements with other nations—the Nine-Power treaty, the Kellogg pact and the League covenant—that little credence can now be given to mere official statements. Without any desire to be unjust to Japan, I think that it is a fair assertion to state that if war starts in the Far East, the world can look to Japan as the power responsible for the conflict. The Soviet Union has time and again expressed a willingness for general disarmament, and has proposed to all its neighbors, including Japan, the conclusion of non-aggression pacts, but Japan has refused to accept the olive branch.

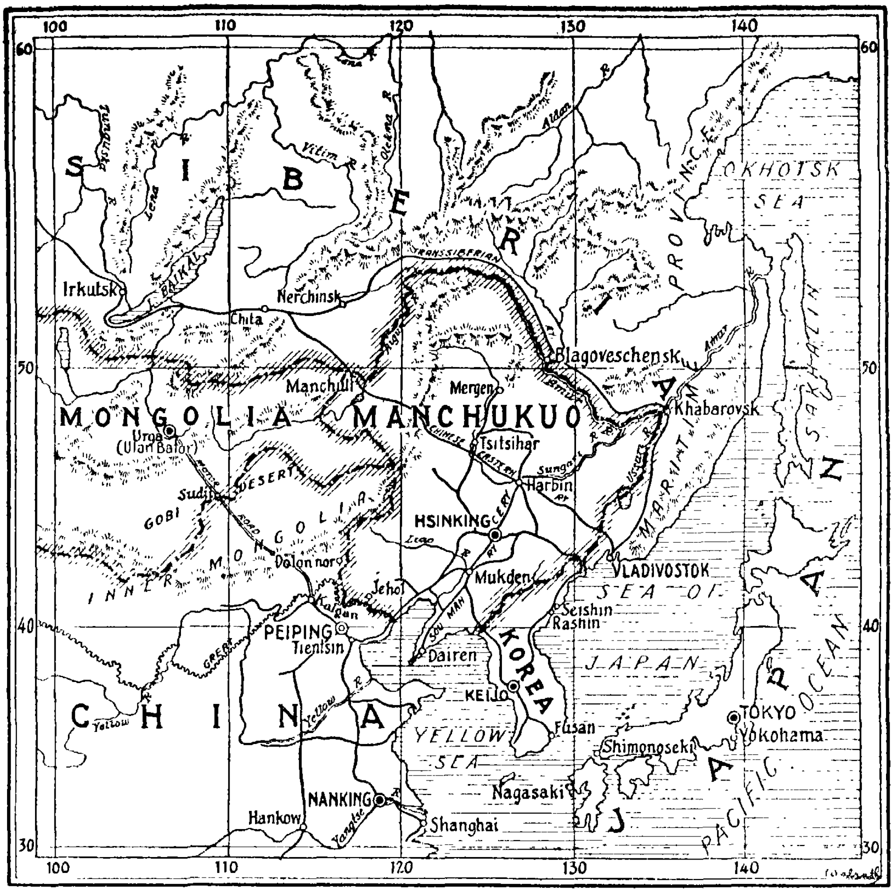
Although the differences existing between Japan and the Soviets arise in a measure from territorial and material interests, they are inspired also by divergent political and social philosophies. In fact, these are so antagonistic that it is doubtful if any permanent reconciliation is possible between Japan and the Soviet Union.

If the conflicting ideas of Japan and the Soviet Republics cannot be reconciled, and I do not believe that they can, sooner or later war is inevitable, and will include not only Eastern Siberia but Manchuria and Mongolia as well. By Eastern Siberia is meant the territory east of Lake Baikal. The lake and the mountains to the south form a natural barrier and would certainly be demanded by Japan as the fruits of a successful war.

Since the overthrow of the Kerensky government in 1917, Japan has stubbornly resisted the establishment of any form of communism in the Far East. She seems to fear the effect not only upon her own people but upon the Chinese and Koreans as well. Several months before allied troops entered Siberia in 1918, Japan, according to the admission of her own representative at the Washington Limitation of Arms Conference, was aiding the White Russians under Semconov in order to check Communist influence in the Far East.

As this same conflict of political and economic thought is found in the different Provinces of China, some leaders favoring the Soviet form of government and others violently opposing it, only a miracle could prevent a Russo-Japanese war from extending to all China. A speedy and decisive victory for either Japan or the Soviet Union might avoid such embroilment but, in my judgment, an immediate decision is improbable.

Japan's opposition to communism since 1918 justifies the assumption that, when she began her aggression against China in 1931, she intended to advance into Eastern Siberia in the Spring of 1932. But the Chinese boycott of Japanese goods and other irritating Chinese acts caused Japan to



The Far Eastern Arena

delay her plans until the Chinese at Shanghai had been severely punished. At that time, news agencies throughout the world were carrying reports of disaffection among the peasants in Soviet territory. Japan, therefore, undoubtedly believed that time was on her side, that the Russian peasants would probably destroy communism in all Soviet territory. Unfortunately for the Japanese, the unrest was nowhere as serious as the press reported it, and as Japan had hoped. Meanwhile, the Chinese in Shanghai put up a more stubborn resistance than they had in Manchuria, not only making it necessary for the Japanese to carry their military operations to a conclusion, but also tying their hands until the hostility of the Chinese had materially lessened.

There were other points, however, at issue between Japan and the Soviet Union. Soon after Japan started her operations in Manchuria, Japanese agents began arresting Soviet employes of the Chinese Eastern Railway, and in addition put more than 900 miles of the railway out of commission. Thus not only was Soviet property destroyed but Japan benefited by this destruction, since all freight shipped out of Manchuria had to be routed over Japanese-owned rail-

ways. Previously Russian rights in the Chinese Eastern Railway, which was built by Russia through Manchuria with the consent and approval of China, had never been questioned.

For the Soviet Union one important aspect of all these acts of Japan was that they disclosed, in terms much stronger than words, Japanese intentions in the Far East. As a result, the Soviet Union began at once to prepare for the defense of Eastern Siberia, so that Japan, if and when she attacks, will find a far different problem from that she would have faced in 1932. Not only has the Soviet Government materially increased the potential strength of its forces in the Far East in men, munitions and supplies but it has encouraged the colonization of Eastern Siberia by reservists and technicians. In part, of course, this policy aims at insuring Russia's Asiatic territory against the aggressive acts of any foreign power.

It is difficult to obtain reliable information as to the strength of the Soviet forces in Siberia, but the Soviet Union, with one of the most efficient information bureaus in the world, can be safely assumed to have full knowledge of the arms, equipment and men Japan has available in Manchukuo and Korea for an attack on Eastern Siberia. In the minds of the Soviet authorities, the danger of this attack has been so acute during the past eighteen months that undoubtedly every other military activity has been subordinated to the improvement of the Far Eastern defenses.

Edgar Snow, for five years Shanghai correspondent of the United Press, in his book, *Far Eastern Front,* (New York: Harrison Smith & Robert Haas, 1933), wrote: "Against the day of great conflict Russia prepares with energy. The Russians have rapidly strengthened their defenses in Siberia and accelerated Siberian industrialization. The great steel and ammunition plants at Kuznetsk and Magnitogorsk have been hurried to completion and the Far Eastern army improved in ordnance and men. Vast reaches of Siberia are being colonized by trained Soviet soldiers."

In view of Mr. Snow's exceptional opportunities to talk with people who know the true situation, this is probably as reliable information as can be obtained. These reported activities of the Soviet Government are what should be expected in view of the attitude of Japan since she entered Manchuria in September, 1931. Mr. Snow's book was published on Sept. 1, 1933, and since then the Soviet Union has undoubtedly continued to prepare for a possible war. In view of all the information obtainable about Soviet defense preparations, I think it is safe to assume that Japan will never conquer Eastern Siberia without a sanguinary conflict.

Maxim Litvinov, Commissar for Foreign Affairs of the Soviet Union, stated officially to the Central Executive Committee on Dec. 29, 1933: "The seizure of the Maritime Province and the entire Far Eastern region is being discussed by Japanese statesmen, including official representatives of the Japanese Government. The matter is not merely confined to conversations, but a considerable number of Japanese troops have been concentrated in Manchuria, near our frontier. War material is being bought, roads and railways are being built. There is a direct threat to our frontiers." Considering the official character of this report, one must assume that it contained what M. Litvinov believed to be facts.

Japan undoubtedly has an excellent war machine. Her army is well trained

and well equipped, while her experiences in China since September, 1931, have added materially to the effectiveness of her forces. It has given her an opportunity to correct any weaknesses in organization and transportation, as well as to select officers specially qualified for command and staff duty. The Japanese Government, moreover, always supports the army and provides such funds as the army leaders consider necessary to meet any contemplated action. I think it can be safely assumed that the Japanese Army will give a good account of itself in any conflict in which it might be engaged.

For the prosecution of a war with a first-class power Japan must have financial assistance and supplies. I anticipate Japan will have no difficulty in getting all the aid she needs. There are many people in the United States who would be glad to assist in the destruction of a communist State, and similar sentiments are to be found in England. For many years Great Britain was linked with Japan in an alliance which was abrogated in 1922, only at the request of the United States. Undoubtedly Japan, in the event of a war with the Soviet Union, could obtain from Great Britain any aid needed, except actual military support. Would American and British capitalists be as ready to sell munitions to the Soviet Union? I doubt it. On the other hand, if Japan knew that the moment her troops entered Soviet territory every nation would immediately cease trading with her, peace would then be assured in the Far East.

There are more than 1,000 miles of Siberia contiguous to Manchuria, giving Japan an opportunity to select the particular spot where she desires to strike. Since the Soviet scheme of defense is probably known to the Japanese, they would naturally seek to paralyze some vital point in the Soviet strategy. Although the Red Army may have enough troops to defend its supplies, war material, air bases and lines of communication against the present Japanese force in Manchuria, Japan has the advantage in shorter lines of communication. But there are other considerations.

The airplane has become so considerable a factor in modern warfare that Japan must hold supremacy in the air if she is to enjoy her recognized advantage in being nearer the field of combat. While Soviet airplanes can threaten to bombard and destroy Japanese industrial cities, a large Japanese air force is necessarily tied to the home bases. Meanwhile, the Soviet air force would be free to attack Japan's troops, supplies or any other vital parts of her war machine in Manchuria. Any material weakening of Japan's air forces in Japan would give the Soviet forces an opportunity to inflict incalculable damage on cities, built in many cases of very inflammable material. Already, as a matter of fact, the Soviet Union, in order to prevent Japan from starting the conflict, has notified her that in the event of war it will endeavor to burn Japanese cities. Thus Japan apparently must have an air force not equal to, but greater than, that of the Soviet Union, if the cities in the homeland are to be protected.

Japan evidently hopes to confine the war to Manchuria, Mongolia and Eastern Siberia in an effort to avoid danger to the cities and people of the Japanese islands. A decade ago this probably could have been accomplished, but the development of military aviation has placed her centres of population in the danger zone. The great industrial cities of Japan, from 600 to 700 miles from Siberia, are well

with the range of non-stop bombers.

But the Soviet Government has no vital centres of population to protect in Eastern Siberia and will be in a position to distribute forces to meet any moves planned by the Japanese army. The only fixed defensive points for the Russians will be depots of war materials. Japan, while faced with the same problem in Manchuria, must guard against the ever-present danger to her cities at home. As Japan is the aggressive nation in the Far East, the need to protect her vital interests at home and in Manchuria will really work in the interest of peace.

An examination of the sketch map accompanying this article shows that if the Japanese controlled Outer Mongolia they would be within reasonable striking distance of the Transsiberian Railroad, as well as the natural defensive line between Eastern and Western Siberia. For this reason the Soviet Union cannot permit Japan to extend her influence over Outer Mongolia, since ultimately such an advance would assure Japan of all Siberia east of Lake Baikal.

Inner Mongolia, for economic reasons, has been under the influence of the Chinese, its neighbors, but because the great Gobi Desert divides Outer and Inner Mongolia, the Mongols in Outer Mongolia have fallen under Soviet influence, especially since 1921, when Red forces killed the notorious murderer, Baron Sternberg, who escaped from Siberia at the time of the collapse of the White Russian armies, and with some of his followers took refuge in Urga, Outer Mongolia.

Many students of the Far Eastern situation believe Japan will strike at the Soviet Union through Outer Mongolia. But it would be a herculean effort to send any effective military force from Kalgan, Inner Mongolia, to Urga, Outer Mongolia, a distance of about 700 miles. Although there is a motor road between these two places, much of the way is across the Gobi Desert, and it is safe to say that for half the journey troops would be able to obtain neither water nor food. As no such troop movement could be made except by motor trucks, it would require, in my estimation, seventy trucks to take 1,000 troops and supplies for ten days from Kalgan to Urga. Obviously, any effective force would require many times that number of trucks. The Red Army, on the other hand, would have much shorter lines of communication to Urga than would the Japanese, whose advanced base would probably have to be behind Sudji to permit the ample defensive measures called for by the movement of Japanese troops. Moreover, the Japanese would be attacking with the great Gobi Desert at their backs--a danger which I do not believe would be countenanced by their general staff.

The Japanese are careful in military matters, and there would seem to be no necessity of risking defeat, since they know that the Soviet Union will not be the aggressors. However, the Japanese (at this writing, April 30) are making moves which clearly indicate they contemplate some sort of action in Mongolia. According to information which I believe reliable, the Japanese have recently stored between 2,000,000 and 3,000,000 gallons of aviation gasoline in Manchuria, which can be used in Mongolia or Eastern Siberia.

Since the Soviet Government is not threatening Japan's property or people, and Japan's only material interests are relatively unimportant, the real danger in the Far Eastern situation is to be found in Japan's hatred and fear of communism. Hence Japan will not be driven into war; she would

start it herself, and then, of course, only when a successful outcome seemed assured. If the Japanese Government feels it must immediately justify its large military expenditures by the use of its military power against some nation, China will in all probability be the sufferer.

If Japan had contemplated offensive action in Siberia in 1934, it would have been initiated while the Amur River was frozen. The delay, which would now make it necessary to cross the river by boat rather than on the ice, has definitely restricted her choice of points of attack. Apparently the attack on the Soviet Union was delayed because of the attitude of the Chinese leaders toward the occupation of their territory by Japan. Until China is reconciled to the loss of Manchuria, Japan must be sure that she has a strong grip on all territory taken from China, since any serious military entanglement with the Soviet Union would give the military leaders in the various provinces of China, as well as those in Manchuria, whom the Japanese call bandits, an opportunity to cause trouble. If the Chinese unite, as they might in case of war between Japan and the Soviet Union, it would create a serious situation for Japan.

But each year adds to the ability of the Soviet Union to defend its territory. In 1935 it will be more difficult for Japan to take Eastern Siberia than it would have been in 1934. It seems to me logical and probable that both Japan and the Soviet Union are now desirous of avoiding war. Notwithstanding the many acts of Japan in the past eighteen months which have justified the belief that she contemplated an attack upon the Soviet Union, she probably now realizes that her immediate opportunity has passed. And if the Red Army maintains the present strength of its air forces in the Far East, I believe that Japan will endeavor to avoid war, although the proximity of the armed forces of both powers and penetration into Mongolia might give rise to some unexpected incident.

The restriction on the rights of trade of other powers, forecast in recent reports from Tokyo, must be construed as indicating Japan's intention of controlling the political destinies of China. But the vigorous manner in which this move has been questioned by other powers—particularly Great Britain and the United States—will do much to preserve peace in the Pacific area. Apparently the tension heretofore existing between Japan and the Soviet Union will, in the future, exist to a greater or less extent between Japan and all nations which have commercial interests in the Orient.

Mongolia Awakens

By FRANK OLIVER*

HIGH on the roof of Eastern Asia, on a plateau 5,000 feet above the sea, the Mongols who once conquered and ruled most of the known world are today themselves struggling against conquest and oblivion. Civilization presses them from all directions—civilization which spells death to nomadic freedom. Year by year their borders crumble, the plow turns their grasslands into farming country. Their plight is that of a people caught up and absorbed in the stream of a life they do not understand.

Inner Mongolia, whence sprang the race which seven centuries ago ravaged the earth and left Mongoloid features in almost every race in Asia and Europe, today has a population of less than 1,000,000. These people are all that remain unconquered and unexploited, for the rest of the Mongols dwell in lands now absorbed by aggressive neighbors—in Japanized Manchukuo, in Russianized Outer Mongolia and in the northern Chinese provinces, parts of which were formerly Mongolian domains. (Inner Mongolia is shown on the map on page 275 of this magazine.)

Out of this racial remnant a regenerate few recently came forth to make a last stand for the right to live. Mongolia, they said, was threatened with early extinction. From China, who held complete suzerainty over them, they demanded local autonomy and the recognition of their right to exist as a free and independent people. While willing to remain among the five racial groups that make up the Chinese Republic, they wished to have complete self-rule and the full authority to protect their lands from Chinese agrarian conquest from the south, and Japanese military conquest from the east.

Mongolia is still living in the Middle Ages. Some of the laws which govern the country were promulgated 700 years ago by Genghis Khan, and most of the present-day Mongol's habits of life are as ancient and unchanged. But Mongolia must modernize herself—to a degree. There probably will never be skyscrapers on her soil, but the chances are that railways will some day thunder across her plains. Mongolia must modernize herself or disappear. So she has fought for her continuance as a nation, and her people fight for their continuance as a race.

China, her vast neighbor who has swallowed so many peoples in the course of her long history, has already swallowed a third of Mongolia, and she was threatening to consume the rest. Chinese encroachment began years ago, and after the Chinese revolution of 1911 Mongolia came into the Chinese Republic. Thus it was that when warlords followed each other upon the Chinese stage in quick succession, ravaging the country, recruiting men as soldiers and leaving them as bandits, the Chinese peasant loaded his solitary ox with a bundle of household goods and went north. He settled on the edge of the vast Mongol

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grasslands, hitched his ox to a wooden plow and began to farm.

It was robbery, but robbery made easy by the Mongol system in which no piece of land belongs to an individual. All the land belongs to all the Mongols, and their herds roam the plains, feeding their way across the landscape. Whenever the Mongol came upon the Chinese settler, therefore, he simply turned his herds another way. He could not understand why his Chinese friend and neighbor should be plowing up Mongol land, but he did nothing about it. After all the land taken was so small, a narrow strip.

But the encroachment went on year after year, more and more settlers coming from bandit-ridden China to a land where law still ruled and peace prevailed. The narrow strip began to widen. Soon, of course, the Chinese bandit, too, discovered this new territory, and later the warlord found it, and began to make it yield him food for his men and taxes for his own pocket. In 1928, when the Chinese Nationalists established nominal control over all China, they formalized this robbery by carving out of Mongol territory two new provinces called Suiyuan and Chahar, to which they added enough of Chihli and Shansi provinces to cover up their act.

Yet these new boundaries did not satisfy the Chinese farmer. He still went north and threatened by his process of penetration to drive the Mongol off the grasslands altogether and up into the sandy wastes of the Gobi Desert, where, with his flocks and herds, he would perish. Realizing this, the Mongol demanded that his big brother in the family of the Chinese Republic restore to him the right to rule his land, to preserve his identity among the people of the earth. He did not ask that the stolen land be returned. He did ask that China cease collecting taxes from Mongol land and that the Chinese in Mongol territory be subject to Mongol rule. But his main desire was to check agricultural encroachment on the land which feeds his horses, cattle and sheep.

The Mongolian demands for local autonomy were taken by a delegation of princes to Nanking early this year and for a time met with rebuffs. But the Chinese authorities were not blind to their own interests in this matter and when the Mongol princes threatened to secede and throw in their lot with Manchukuo, the desired autonomy was granted. According to the new regulations, Mongol pasture lands are no longer open to settlement by Chinese farmers and the tribes are entirely independent of the Chinese provincial authorities. The Nanking government even pledged itself to grant monthly subsidies to assist the Mongolian local régimes. On April 23 the autonomous Mongolian Government was inaugurated at Pailingmiao, and Nanking representatives turned over the seals of authority to the Mongol political affairs council.

Soon after China's concessions were first announced, Colonel Shibayama, the Japanese Military Attaché at Peiping, declared that the Inner Mongolian autonomist movement had been inspired by Soviet agents. He added that Communist influence had recently become strikingly manifest in the frontier cities of Suiyuan Province. Whether true or false, Colonel Shibayama's allegations provide pretexts for a Japanese or Manchukuoan invasion of Inner Mongolia, should such a step be decided upon.

I have just made a thousand-mile tour through this strange and little known country with Larson, Duke of Mongolia, a Swede who has lived

among Mongols for forty years. It is a land of marvelous scenery in spite of the lack of trees, vegetation and water, with great vistas, lovely shallow valleys, and hills that rise out of the plains as wave crests out of the sea. It is a land of lovely names—Sharamuren, Karanor, Argulnor, Chaganhura, Alashan. It is a land of felt tents (or yurts) instead of houses; of people hardened by extreme temperatures; of people who still fear thunder and lightning as the voice of heaven, but fear neither man nor beast; of princes, statesmen, soldiers and common people who live on the simplest fare and enjoy the simplest pleasures; of men who can gallop across Asia as their forefathers did, the finest horsemen in the world.

Near Kalgan, the ancient frontier town of China, where most of the buildings still are made with mud bricks, the mountains rise from the dusty plain. Stiff rocky defiles lead upward, and as we go we meet Chinese carts and camel caravans coming in from Mongolia. At one part of the climb we halt to let 200 camels pass, each loaded with 250 pounds of opium, in which trade is profitable. A Chinese caravan, it has traveled from Kansu Province through peaceful Mongolia instead of through bandit-ridden Chinese provinces.

At nearly 7,000 feet we top the pass and then gently descend to the Mongolian plateau. It is these mountains that the Chinese farmer has crossed. His little holdings are everywhere. No longer can Mongol herds graze here. But finally we pass through this succession of small farms with mud houses and come to the grasslands, smooth rolling plains marked only by the trail of camel caravans, routes which have been traversed for centuries. We follow the main trail which leads finally to Urga.

We have been searching the horizon for suspicious horsemen, for this is bandit country. Topping a rise we find below us, half a mile away, a body of twenty horsemen, armed. Bandits! But as we wonder whether to turn, the men identify themselves as Mongol soldiers and we ride up to the patrol. We ask about bandits, and they reply that they have spent the morning fighting 200 of them. The road is now clear. Smothered in sheepskins and sitting on the Mongol wooden saddle, these men are of the stock that ravaged Europe under Genghis Khan. Today, however, a rifle replaces the bow.

Mongolia is a land of magnificent sunsets, and as the sun goes down we reach our destination for the night, a small temple whereon a curse once descended, so that it was abandoned. Here Larson has made his home. It is November, and already bitterly cold. The Mongol servant greets us and soon has a roaring fire of Mongolian "coal," which is merely arghul, the dried dung of sheep, horses, cattle and camels, and the only fuel in the country. All yurts are heated by it, all food is cooked over it.

We step outdoors to look about in the evening light. Our ancient temple is built below the crest of a small ridge, and before us lies a circular plain fifteen miles in diameter, set with a small lake. Beyond the ridges which encircle the plain are the blue mountains through which we have come and which divide Mongolia from China. Barely discernible in the distance are small Mongol villages, wisps of white smoke alone distinguishing these settlements from the surrounding countryside.

In the morning I visited one of these villages. There are only eight tents, holding about thirty people in

all. A few riding camels and milch cows graze near by, but the most prominent object is the vast heap of arghul. Winter is coming on, and it was well below zero the previous night and soon snow will cover the plains and make arghul-gathering difficult. This is the Winter's supply.

The village is really one family, from grandfather to grandchildren. Into the first yurt we are welcomed and seated in the place of honor. Our host, a tall bronzed Mongol of 50, is gray-haired, with deep-set eyes and a ready smile. But he is worried. Chinese bandits have lately been seen not far away. It is not many miles to the border and a raid may be expected at any time. He dislikes leaving the grazing lands where he has been living happily and peacefully for fifteen years, but he must go further north. Actually, he is 150 miles inside the Mongolian border, but with the annexation to China of that Mongol land now called Chahar Province, the border has become less than fifty miles away. He has a herd of 1,000 horses and never knows when he may have to stampede them north to escape the raiding bandits.

As we sip Mongol tea (equal quantities of milk and water with a chip of brick tea thrown in and boiled) our host, the grandfather of this village, talks in his wonderfully expressive language while breaking arghul to feed the fire, which burns in a little brazier in the centre of the floor. A column of smoke rises out of a hole at the top of the tent, leaving a blue haze within. But sitting on rugs, with crossed legs, we find that our heads are below the smoke, and it is warm and comfortable.

Soon we leave to continue our journey. The first snow of Winter has covered the plateau, and carries a promise of good grass for next Spring. Meanwhile, horses, sheep, camels and cattle must nibble at the dead grass, taking the snow up with it for drink, until the Spring sun brings up the fresh green shoots. Before Winter is over the thermometer will drop to 40 below zero, but these hardy animals will remain on the plains, shaggy coats inches thick keeping out the bitter wind.

Soon we reach one of the few buildings in Mongolia, the palace of a Mongol prince. This modern Khan lives in a palace of Chinese architecture with a magnificent carved and decorated entrance gate in front of beautifully proportioned courtyards enclosed by pavilions with curving roofs and brilliant decorations. Mongol soldiers in heavy sheepskins guard the entrance with rifles. Near by is a temple built by the prince for the Panchen Lama, Pontiff of Tibet, who has been an exile from his country for many years.

But neither prince nor lama is at home. Word has gone through plain and desert, and the princes are gathered in council at a lamasery 200 miles to the west to meet representatives of the Chinese Government. We are off again westward, across unending plains, past occasional villages of from two to ten yurts, passing occasional caravans, finally to come to the vast lamasery of Sharamuren, a city of temples and hovels in which live the lamas, a thousand of them. The buildings, painted white and ornamented with scarlet and gold, are a dazzling sight under the brow of a hill. Below in the valley runs a river, now frozen over.

At the seat of the conference, Pailingmiao, I found gathered over a hundred princes from all Mongolia. The lamasery there, big enough to house 500 lamas, had been reinforced with many yurts to accommodate so many guests. Seated in one of these

before a glowing arghul fire I talked with some of the princes about their nationalistic movement. At one side sat an aged Mongol councilor, deeply learned in the Chinese language and classics. The red glow of the fire was heightened by the light of two candles, illuminating the faces of two of the highest princes. Frankly and with dignity, combined with friendliness, they discussed their troubles.

"Twenty years we have waited since the revolution for China to give us justice and the rights insisted upon by their leader, Sun Yat-sen. One nation has taken Outer Mongolia and another part of Eastern Mongolia. We remain a loyal member of the Chinese Republic, but we demand the right to rule ourselves and our land. When we went into the republic we gave it our support, but our land, our cattle, our horses, our people, our dust—they belong to us. Our land is taken, more each year, by the Chinese settlers. The Mongol is being driven north into the sand desert. Our borders are harried by Chinese bandits. We want the right to rule our land and drive these intruders out. The Chinese settler can remain. He is a brother and will be as well treated as we should expect to be. But he must stop somewhere. The Mongol herds must have grasslands to feed upon. So we made our Constitution for an autonomous government. We shall have our capital at the Pool of Heaven, thirty miles from here. There the water is good, the scenery beautiful and the grazing excellent."

I asked what kind of capital would be built. Palaces of brick and stone? No, a prince replied, it would be a hundred new yurts planted near the Pool of Heaven. No government official would be paid in silver. He would have a yurt in which to live, servants to attend him and sheep to feed him. Such will be the strangest capital in the world.

Without seeking the ultra-modern, Mongolia can improve her position. Her dairy products can nourish all North China, at present so inadequately supplied. One modern-minded prince has established a tannery which will enable the thousands of skins and furs produced in Mongolia to be sold to advantage. Mongolia provides thousands upon thousands of draft animals for China—oxen, camels and horses. One prince's palace houses a machine shop which turns out the ammunition for his soldiers.

And modern motor cars have invaded Mongolia. As yet there are few, but they serve their owners well. Princes and officials now rarely gallop across the plains on business. The automobile speeds them on their way, not over roads but across straight open country, guided by the sun or the stars, with deviation only for the hills and the rivers. The latest car-owner in Mongolia is one of the Living Buddhas. Instead of hoisting his flowing scarlet and gold robes upon a pony or camel and making twenty-five miles in a day, he can travel 200 miles over the plains in comfort between his morning meal and sunset, while camels stand and stare at the queer intruder on wheels and caravan leaders wonder whether there will be camel caravans for their sons to lead across the grasslands and deserts. Here, where for centuries life has been lived quietly, the force of a Western civilization is at last making itself apparent. The Mongols will adapt themselves in order to survive.

The Ambitious Dr. Schacht

By JOHANNES STEEL*

THAT Dr. Schacht, president of the Reichsbank, might be regarded as the real ruler of Germany today, was again strikingly shown on April 27, when at the most recent conference of Germany's creditors, he appeared with full authority to bargain as he thought fit. Schacht is neither the power behind Hitler nor, as has been so frequently suggested, the servant of German industry and finance. Rather is he the manipulator of both German capitalism and the Chancellor, deriving his power from the knowledge of how to play one against the other.

When the complete history of those fateful January days of 1933 is written, it will become clear that what happened would have been impossible without Schacht's patient, careful preparations. Had it not been for Schacht's crafty counsel and assistance, Hitler might never have reached the seat of power. It was Schacht, for example, who persuaded Thyssen in 1932 to provide Hitler with $875,000 on the eve of the Presidential elections. Moreover, ever since the Spring of 1929, Schacht, drawing on his international prestige, had been a skillful propagandist for Hitler both at home and abroad.

Today, while Schacht loses no opportunity to remind Hitler that the latter is under obligation to him, he makes it clear to industry and finance that he alone can check the Socialist, or even Communist, tendencies which characterize a powerful element in the Nazi party. Schacht's power is thus derived from the weakness of the two factions which are now struggling to dominate the Third Reich. Nobody questions his authority. All the economic plans of the Nazi government, as well as those for the reduction of unemployment, come before him for final approval. It is for him to say whether or not they are financially and economically possible.

Schacht is feared and respected, but has no friends. It is well known that he is devoid of party or personal loyalties, that he uses everybody and everything that come his way—parties, individuals and opportunities—to further his own ambitions. For the last thirty-five years he has forged ahead in utter disregard of moral and ethical codes, driven by a mystical faith in his destiny. Thus, in 1926, after telling the editor of the *Journal de Génève* that Germany would get back the Polish Corridor, annex Austria and cease paying reparations, he said: "You will see that my predictions come true. I am always right. I know what I want and I get what I want." He fancies himself the economic Napoleon of the Third Reich, and visualizes a self-contained economic power, stretching from the Baltic to the Adriatic, and far into the Balkans. Schacht has been strongly influenced by Spengler and believes that only the "strong economic unit" of Middle Europe, of which Germany

*The author of this sketch of Dr. Schacht was formerly attached to the German Department of Commerce as an economic observer. Now an exile, he writes under a pseudonym.

is the natural centre, can withstand the economic competition of the Far East.

There can be no doubt about Schacht's fixity of purpose. Men and women remain in his good graces only so long as they can be of use to him. Those who have helped him most have been the first to be crushed when it suited him to do so. He was a Democrat as long as it paid him to be a Democrat. When it appeared that he had a better chance to realize his ambitions with the Nazis, he became a Nazi. He was pro-Semite as long as his Jewish friends were in power; today he is remarkable for his violent anti-Semitic outbursts.

Horace Greeley Hjalmar Schacht—his father greatly admired the American editor—was born on Jan. 22, 1877, in the small town of North Flensburg, the son of a German merchant, William Schacht. His mother, Constance, Baroness von Eggers, was Danish, and Schacht is very proud of what he calls his Viking ancestry. Though Schacht's early education may have been influenced by the sporadic training received during his father's long business trips to the United States and the latter's democratic inclinations, eventually he studied at the Universities of Munich, Leipzig, Berlin and Kiel and obtained his doctorate for a thesis on the principles of the English mercantile theory.

After leaving the university he was associated with the Dresdner Bank, where he compiled the statistics that made up the bank's weekly bulletin. But the work was monotonous and gave Schacht little satisfaction. Soon, on his own initiative, he added to the statistics brief paragraphs of editorial comment, couched in the same aggressive and provocative terms which characterized his later writings. This led to his appointment as private secretary to the manager of the bank. Now began a spectacular career. At the age of 26 Schacht became one of the managers of the Deutsche Mittelbank and, eight years later, general manager of the Dresdner Bank.

During the German occupation of Belgium Schacht served as financial administrator of the country. Next to General von Bissing, the military governor, Schacht was the most powerful man in the occupied territory. He had a free hand in its economic administration and, among other things, issued with von Bissing's endorsement several millions of counterfeited banknotes, ostensibly for the purpose of paying for supplies bought from the Belgian population. Actually, however, the bulk of the counterfeited money was never accounted for to the authorities in Berlin. This action, and the suspicion that his banking connections had profited from the knowledge of government secrets to which he had access, brought him under fire. Resignation followed and, on the threshold of his forties, he returned to Berlin. Here he became president of the board of directors of the Darmstaedter-National Bank, which, under his guidance, became one of the most powerful and aggressive banking institutions in Germany. One of Schacht's best friends in those days was a partner in the bank, Jakob Goldschmidt, who several years later was one of the first to be crushed by him.

Schacht was now about to achieve international fame. On Nov. 15, 1923, the paper Reichsmark stood at 13 trillions to the gold mark on the Cologne Exchange. Seemingly no one could arrest the further fall of the mark. But at that moment Schacht was appointed Reich Currency Commissioner. Fighting with his characteristic ruthlessness and determination against

tremendous odds and with virtually no resources but dictatorial powers at his disposal, he accomplished within less than a week the greatest achievement of his entire career—the stabilization of the mark.

His reign began with an order that after Nov. 23 no more privately issued emergency money could be exchanged for Reichsbank notes. While this move ruined thousands of small business men and private investors, it enabled the Reichsbank to regain control of its own notes, and squeezed out the currency speculators. Probably the stabilization of the mark was the only real service Schacht ever rendered Germany, but to him the matter of service was only incidental; all it meant was a turning point in his career. He knew that the moment he succeeded in stabilizing the mark, his career as a banker and economist was ended, that his political career would begin and that the road to power would lie open before him.

About the time that Schacht came into international and national prominence, he was discovered politically by Georg Bernhard, editor of the powerful *Vossische Zeitung,* who induced him to become a member of the Democratic party. For years afterward the Democratic slogan was, "Remember Schacht, the Democrat who saved the mark!" Immediately upon his success in stabilizing the mark, he threatened to resign as Currency Commissioner unless he were given the presidency of the Reichsbank. The suggestion was so violently opposed that the board of directors of the Reichsbank unanimously declared that they could not accept Dr. Schacht because of his dubious record as financial administrator of Belgium, and because they doubted his integrity. But Bernhard went to Schacht's rescue and, with Hilferding and Dernburg, helped to secure Schacht's appointment, on condition that he would be able to conciliate his fellow-directors. That gulf in Schacht's road to power was bridged by the aid of three liberals who were Jews. Today two of them are dead; the third, Bernhard, is an exile in Paris.

Schacht's election as president of the Reichsbank was marked by an incident typical of the man, of his personal courage and his disdainful contempt for every one else. The same day he called a meeting of directors and told them in so many words that he was fully aware that they distrusted and disliked him, but that nevertheless he gave them twenty-four hours in which to decide whether, individually, they would sign a pledge to serve under him without reservation. The alternative would be resignation—and not Schacht's. This manoeuvre had the desired effect: none of the directors resigned and all pledged their cooperation.

In Schacht's later career he employed the same tactics in dealing with Germany's foreign creditors as well as with the successive German governments that appointed him to represent Germany at the international debt conferences. Whenever Schacht has invited Germany's creditors to a conference the foreign representatives have usually been met with a *fait accompli.* Schacht never negotiates; he makes suggestions and asks the negotiators to take them or leave them. With these methods he fought unremittingly for the cancellation of German reparations. His self-assured utterances to the editor of the *Journal de Génève* did indeed come true and have been vindicated by subsequent events. The prophecies made in his book, *The End of Reparations,* in which he called attention to the difficulties of the reparations

transfer, likewise came true in all their details. In fact, it was the transfer problem which eventually brought about the end of the German reparation payments.

Many observers were astonished to see a man of Schacht's training, democratic traditions and associations, as well as intellectual qualities and economic insight, emerge as the mainstay of the Nazi government. Presumably, Schacht's economic and political faith had been set forth in *The End of Reparations* where he had declared that "the basic disease of all Socialist systems lies in the tremendous over-expansion of the State machinery. All dreams of nationalization which have been harbored in the beclouded heads of Socialist theorists have turned to water. A quick end will be the fate of all systems of government with like theorics." Surely here is a flat contradiction to the Nazi program which insists upon "nationalization of all businesses which have been formed into trusts."

The views expressed in Schacht's book harmonized with those of the Democratic manifesto of 1918 for which he, Theodor Wolff, editor of the *Berliner Tageblatt,* Rathenau and others were responsible. His stand was that of a democratic capitalist who had some liberal tendencies, but who was fundamentally a rugged individualist. At heart Schacht has always been an imperialist, although he has officially withdrawn the demand for the restoration to Germany of her former colonies, which he expressed so forcefully in *The End of Reparations.* Today his imperialism is expressed by what he calls the "Spenglerian interpretation" of politics and political economy. By this he means that Germany's pre-war policy of colonial expansion was wrong, because her resources and strength were scattered all over the globe, and that a "continental expansion" is more advisable.

Such a position makes Schacht all the more acceptable to the Nazis, because of their hope of dominating all the German-speaking peoples of Europe. Whether the change of attitude on this particular question is sincere or not must of course be a matter for conjecture, although a hint can reasonably be taken from his generally unscrupulous behavior. Possibly, also, his agitation against the Treaty of Versailles has been dictated mainly by his desire to make himself agreeable to the reactionaries, although he has never underrated the obvious popularity in Germany of such a point of view.

The fact of the matter, however, is that to Schacht collaboration with the Nazi government, like all other political associations, is a means to an end. During 1929 he began toying with the idea of becoming a candidate for the Presidency of the Reich. The Democratic party of which he was a member had dwindled away and was no longer powerful enough to help him obtain a nomination. About the same time the rapid radicalization of the German masses as well as the spiritual corruption and decadence of the Socialist and Democratic parties in Germany became evident. Schacht sat back, awaiting the dénouement which he correctly believed to be approaching, while German capitalists began to discover that Hitler could be useful to them.

The economic evolution of Germany pointed more and more in the direction of State capitalism. During the Bruening régime this development reached a climax with the use of emergency decrees which amounted to nothing less than governmental

control of private enterprise. Capitalism began actively to organize. Industry and finance backed Hitler for all they were worth, while Schacht argued at home and abroad that a united front in Germany was necessary to prevent the rise of communism or complete socialization. If Hitler rose to power, his extravagances would be checked, Schacht contended, by the more responsible and experienced men in the new government. Schacht obviously meant himself when he talked about the "more responsible and experienced" elements. Since he knew to what length German industry and finance were prepared to go in supporting Hitler in his drive for power, he felt sure that he was, as he remarked to me in January, 1932, "backing the right horse and on the safe side." For Schacht the rise of Hitler was only an incident in his own career.

Although Schacht at present has more real power than any other individual in Germany, he suffers from his consciousness of the fact that he does not hold the stage and possesses no insignia of power. He enjoys publicity and the making of speeches, and will not rest until his immense influence is definitely recognized.

Schacht's jealousy of those in the limelight is well illustrated by a little episode I witnessed the day Hitler was appointed Chancellor. At about 4 o'clock that afternoon a number of foreign correspondents assembled in the lounge of the Hotel Kaiserhof, Hitler's Berlin headquarters, to await the return of the newly appointed Chancellor from an audience with President von Hindenburg. As soon as Hitler appeared, he was surrounded by foreign newspaper men. Then suddenly Schacht turned up, gesticulating and talking in a loud voice, obviously to attract the attention of the correspondents. The manoeuvre succeeded, for within less than a minute the Chancellor was unceremoniously deserted by nearly all the correspondents, who were urging Schacht to give them a statement upon the future economic policies of the Reich and the safety of foreign investments in a Germany ruled by Hitler.

The Chancellor disappeared into an elevator, while Schacht, thoroughly enjoying himself, assured his interrogators with energetic gestures that "I'll see to it that all private debts will be paid, as well as the interest on the Dawes and Young loans as usual." But apparently these words meant little, for when Schacht, two months after this scene, was again appointed president of the Reichsbank, his first official statement announced that Germany's short-term credits would be converted into long-term credits, and that the Reich would soon cease to pay the interest rates at which these loans, including the Young and Dawes loans, had been contracted.

The British Government in the last week of December, 1933, addressed a strongly worded note to Germany, protesting against what it termed the high-handed and arbitrary policies of Dr. Schacht. Schacht, through his friend, Montagu Norman, governor of the Bank of England, made it known "that he was doing his best to keep the Nazis in check and to satisfy them with these *comparatively* small demands." At home, however, his belligerence was interpreted as strength and he saw to it that every concession he obtained from abroad was widely advertised in Germany to increase his prestige. Hitler gradually became aware that what little reputation for soundness his government enjoyed abroad was the result of Schacht's reputation and cooperation.

All this conformed exactly to some remarks Schacht made on March 16, 1933, when, during an interview with a well-known British economist and newspaper owner, he said: "Hitler is now doing as he wants, but just wait a month or two and he will have to do what I tell him to do and then we will have safety." This liberal Englishman, an economist with an international reputation, immediately flew back to London to write in his paper that no violent economic experiments need be feared from Hitler's Germany so long as Schacht remained in office.

Thus Schacht, who dresses with the taste of a socially ambitious clerk, and who has all the idiosyncrasies and habits of the petty bourgeois, is in reality a modern Machiavelli. He has succeeded in establishing his reputation on four different fronts: with the German creditors abroad, who today believe that they would lose everything were it not for him; with Hitler, in whose rise to power he was instrumental, and who needs him in order to placate foreign opinion; with German capitalists, who believe that he is the only man who can direct the economic policies of the Hitler government into channels safe for private enterprise, and, finally, with the German people.

The masses still remember Schacht as "the man who saved the mark." In addition they are beginning to realize that the end of reparations and of German foreign debts, reduced interest rates and the moratoriums are to be ascribed, not to Hitler, but to Schacht's diligent and unremitting efforts for more than a decade.

Every day Schacht's figure looms larger on the German horizon. Although ever since his appointment as president of the Reichsbank there have been from time to time rumors of his resignation, the likelihood that he will become economic dictator of Germany is increasing. To attain that goal Schacht is employing the bluff tactics of which he is a past master. Periodically he threatens to resign, but neither Hitler and the German industrialists nor the foreign creditors feel, for very different reasons, of course, that they can dispense with his services. So far Schacht has emerged from all encounters with increased strength. His bold strategy and capacity for intrigue have insured him a national and international position which is almost unparalleled in contemporary politics.

Undoubtedly Schacht's resignation would throw the whole German industrial and commercial machine hopelessly out of gear, and precipitate the collapse of the German economic structure. Only the most drastic measures can keep Germany economically alive, and for this purpose a strong man is needed, a man without scruples, but with deep economic insight and reckless courage. Schacht, convinced that his great hour will soon come, knows that he is Germany's man of tomorrow and that he will again be called upon to save the Reich.

Squeezing the Consumer

By GERALD P. NYE*

PEOPLE are beginning to ask, with considerable alarm, "What's eating the consumer?" Those who know their cross-word puzzles are aware that a consumer is an eater and vice versa. How, then, can the eater eat himself, unless, perchance, he is like the mythical Western immigrant who, in his elation over getting a job on the railroad, boasted that he was getting "one dollar a day and eat myself." The thing is a paradox akin to Samson's riddle: "Out of the eater came forth food and out of the strong came forth sweetness." So it may be with the American consumer—those who eat are eaten.

What is the answer to the riddle? What is the solution of the paradox? Why must the consumer, who also produces, find himself eaten up by steadily ascending prices, so that his standard of living is being stealthily reduced until, in many places, it has fallen perilously near that of the Egyptian fellah or the Mexican peon? One answer cannot resolve the question, but here are submitted the facts upon which each can form for himself the answer.

Continuation of the policies which, it is clear, have been followed by the administrators of the National Industrial Recovery Act finds big business rejoicing! Under the NRA insignia the economic plunderers of America seem to have adopted "The Last Round-Up" as their rallying song and are out to ride hard upon and drive into a corral all small and independent ventures, thus making the consumer the hopeless slave of monopolies and monopolists. It actually begins to dawn upon the consumer that, under NRA, monopoly has become stronger than ever. His pocketbook tells him so—and he believes that which speaks to him without a tongue.

It is true that big business has resented some of the restrictions imposed by NRA. Only for a short time, however, for business speedily found ways to wriggle around the objectionable features until, by one trick or another, the New Deal NRA has been converted into a machine which is more efficient than the old deal in that it functions to expedite enlargement of monopoly and concentration of wealth and power. Only casual study of the personnel manning the machinery of NRA will demonstrate how well big business has taken over this organization which was to reform our economic structure, destroy the power of monopoly and break up the appalling concentration which has been brought about in our industrial system.

The very act of permitting big business to snatch control of the NRA machinery would indicate that its administrators pursued the theory that our recovery and development were largely dependent upon the good health and strength of trusts. Though the trust-makers, themselves, have modestly insisted that industrial de-

*Mr. Nye, United States Senator from North Dakota, has been one of the most outspoken critics in Congress of the NRA. Some of the reasons for his opposition are set forth in this article.

velopment in the past is traceable to the giant industrial combinations, it was scarcely to be expected that any new deal would accept such a theory in the light of the part played by big business in bringing the economic depression upon us with such unexampled severity. Yet, the direction in which the industrial recovery program moves seems to indicate that it was inspired by the contention of J. P. Morgan and other trust-builders, made many years ago before the Pujo committee. Before this committee, Mr. Morgan took credit to himself and other giants in the banking and industrial fields for our industrial development. Here was born the shameless boast of the contribution of mere "bigness" to the attainment of happiness and prosperity for a great nation and its people.

Justice Brandeis denounced this boast as vain and without foundation of fact, and declared, on the contrary:

> Nearly every such contribution to our comfort and prosperity was "initiated" without their aid. The great banking houses came into relation with these enterprises, either after success had been attained or upon reorganization after the possibility of success had been demonstrated, but the funds of the hardy pioneers, who had risked their all, were exhausted.
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> This is true of our early railroads, of our early street railways and of the automobile; of the telegraph, the telephone and the wireless; of gas and oil; of harvesting machinery and of our steel industry; of the textile, paper and shoes industries; and of nearly every other important branch of manufacture. The *initiation* of each of these enterprises may properly be characterized as great transactions; and the men who contributed the financial aid and business management necessary for their introduction are entitled to a share, equally with inventors, in our gratitude for what has been accomplished. But the instances are extremely rare where the original financing of such enterprises was undertaken by investment bankers, great or small. It was usually done by some common business men, accustomed to taking risks; or by some well-to-do friend of the inventor or pioneer, who was influenced largely by considerations other than money-getting. Here and there you will find that banker-aid was given; but usually in those cases it was a small, local banking concern, not the great banking house, which helped to initiate the undertaking.

Powerful combinations, controlling the production and distribution of the necessities of modern life, have never exercised a salutary or beneficial influence upon the actual interests of a community or a country. Their primary purpose is not to extend blessings to the many; they are born in greed, conceived for the profit of their creators. There is yet to be found the trust or monopoly whose formation and purpose has not arisen from the profit motive.

No wonder the monopolists chant the praises of NRA and push their agents into places created by NRA to regulate business, to make it observe fair practices and thus become, by the power of United States law, the Stalins and the Mussolinis of America! What is there—what can there be—for the consumer in such a prospect? He is now called upon to pay even greater profits than those in the past which monopoly has exacted.

Centralization of industry, concentration of wealth through industrial control, the unfair trade practices which big business resorted to in the endeavor to destroy competition, the effort to maintain prices such as would pay a return on the fictitious capitalizations which industry wrote during the boom days—all were the causes of increasing concern in those years leading to the crash of 1929. But the seemingly prosperous years were too swift in their flight to permit us to ponder upon the direction in which we were drifting. However, after three years of do-nothingism, following the wreck of 1929, the nation was ready to move for a bill of divorcement from the old order and

to seek and pursue happiness with a new deal for spouse. The National Industrial Recovery Act became law to accomplish that divorcement and reunion.

It expressed no new purpose, nor did the law spring, like Athena, fully armed, from the head of Jove. For several years other members of Congress and I had been thinking about bills which would curb monopoly and assure industry fair play through the adoption of codes of fair competition. These measures differed from the NIRA in one important particular: they were intended to strengthen the anti-trust laws. Thus a bill which I introduced carried the following provision: "The foregoing provisions of this section shall not abridge or interfere with the jurisdiction over such practices, with which the several district courts of the United States have heretofore been invested by the Anti-Trust Act of 1890 or the provisions of this act. Nothing in this section shall in any way modify the provisions of the acts of Congress relating to monopolies and the penalties provided for under said acts."

It was natural to assume that the NRA would offer the same safeguards in seeking to accomplish the same ends as these previous bills, especially since President Roosevelt had expressed an attitude toward small industry and big business which was well known. Concerning the initial purpose of the NRA, the President said: "We are seeking the encouragement of small, local industries, thus furthering the principles of a better balanced life." Again, the President has declared that business has never been known to purge itself of its own iniquities. A great majority of the Congress and of the nation followed him, knowing that he spoke the truth. Some one—not the President—kept "the word of promise to our ear and broke it to our hope." As a result, small, local industries are downcast and dismayed; consumers are eaten up with anxiety over the morrow. Only from the ranks of big business come the sounds of jubilation.

NRA was to regulate big business. Instead, big business has taken over NRA and is, with the aid of its "inside men," about to exercise control over prices on a scale never before known. The consumer will be the victim upon the altar of enlarged greed. Labor has some protection, but the consumer is without even the shadow of it.

No other result can be expected from a cult which bows down and worships Bigness. If, to console ourselves, we say to each other, as NRA officials have said, that it is easier to regulate fewer and bigger industries than it is to regulate a multitude of small concerns, then we say we can do what we have not been able to do, or have not done, in all the years that monopoly has been with us. Bigness has never submitted to regulation. Bigness has always held sway and will continue to do so as long as it is permitted to remain big. It is the New Anarchy. Meanwhile, the consumer must meet the bill which big business presents for payment. He is become as a prey to the powerful and there is none to save him.

It seems to me that Justice Peckham, more than thirty years ago, told us what future was in store for the consumer and the country if Bigness became the shrine of our national worship, as it seems to have under NRA. This jurist declared:

> Trusts are combinations of capital, whose purpose in combining is to control the production or manufacture of any particular article in the market and, by such control, dictate the prices at which

the article shall be sold, the effect being to drive out of business all the small dealers in the community and to render the public subject to the decision of the combination as to what price shall be paid for the article.

In this light it is not material that the price of an article may be lowered. It is the power of the combination to raise it, and the result, in any event, is unfortunate for the country, by depriving it of the services of a large number of small but independent dealers who are familiar with the business and who had spent their lives in it, and who supported themselves and their families from the small profits realized thereon. Whether they be able to find other avenues to earn their livelihood is not so material, because it is not for the real prosperity of any country that such changes should occur which result in transferring an independent business man, the head of his establishment, small though it might be, into a mere servant or agent of a corporation for selling the commodities he once manufactured or dealt in, having no voice in shaping the business policy of the company and bound to obey the orders issued by others. Nor is it for the substantial interests of the country that any one commodity should be within the sole will of one powerful combination of capital.

America has devoted itself to and confined itself to production problems so long that entire sympathy seems to have been lost for the consumer. Yet the two are co-equal, integral parts of the whole and completely interdependent. We will wake up with a start one of these days to the fact that national recovery depends upon the consumer and upon his buying power. Recovery is not on the way, nor will prosperity come around that corner, so long as we reduce that buying power by giving our trust-makers an increased right to levy their tolls.

Let us observe wherein NRA is working painful injury on the consumer. Within the NRA is the so-called Consumers' Advisory Board, presumably to look after the interests of the consumer in code making. It is common knowledge in Washington, however, that the board has been little heeded and all but ignored. Moreover, consumer interest has had very little consideration in such industrial codes as have been adopted. That should not be surprising under a system which finds big business set to reach a goal of still greater profits and so solidly in the saddle that it can ride roughshod over all objections. The consumers' board has counted among its members some very worthy men and women. Undoubtedly, the many retirements from this division can be traced to the manner in which the board's wishes were continually ignored. At least the board has been quite ineffective in securing for the consumer reasonable consideration or a voice in code making.

Hence it can be accepted that codes have been written with the purpose of bringing a more equitable division of profits between capital and labor. Even here Bigness cheated. The automobile industry was one of the early ones to crawl under the blanket of a code. General Motors Corporation recently made its 1933 report to stockholders and the *New York Post* made the report the basis for this pleasing little editorial:

Sales in dollars rose 31 per cent.
Net earnings increased 50,000 per cent.
Average annual wages rose three-quarters of 1 per cent.

Here is the evidence of how NRA has operated to provide fairer distribution of profits between capital and labor! Labor has gained no new buying power, while the consumer must meet the fearful exactions of the enormously increased profits.

Under the codes, as adopted, what amounts to price-fixing by monopoly is accomplished through a price-posting system. The determination of what is a fair price is based upon the costs of production found in the "most representative" industry in a given field of production. The "most representative" is invariably the producer responsible for the greatest produc-

tion—a monopolist or would-be monopolist. Prices are posted and fixed accordingly; the consumer pays the bill, and the small industry fades out of the picture because it has lost its only weapon—its lower production costs and selling price.

In determining production costs, upon which consumer costs are based, a very heavy element is that of return upon invested capital. During the boom years industries created capital structures entirely out of keeping with actual investment. Companies were bought for investment purposes one day, watered two or three times and sold the next day to the investing world at prices far above the honest and actual value involved. Now we find, under NRA, these "representative" concerns determining what the consumer shall pay on these exaggerated and dishonest values. But any recovery program is doomed to failure if its main objective is to assure profit on watered investments. To continue such a course and continue to permit profit on fictitious capitalization invites another crash, more severe and lasting than even that of 1929 has proved to be. The consumer simply cannot bear the burden.

NRA has within it great possibilities of large improvement in economic conditions, but these improvements can and will come only with such changes in NRA as will take its administration out of the grip of greedy engineers and place it in the hands of those who envision the needs and interests of the consumer and who recognize that bigness in business means more centralization, less employment and less buying power. The real need is for decentralization, more employment and tremendously increased buying power. There is nothing in common between monopoly and the consumer. So long as monopoly stays in power and increases that power, as under NRA today, so long will the consumer be the slave of overlords who take all and give nothing.

Congress cannot evade its responsibility in connection with the presen situation. Our trusts and syndicate are not the outcome of a natural economic development. They are th creatures of law. Their existence i the result of privileges conferred, an privileges are granted by statute. I the present administration of NRA there is no attempt to codify th trusts, banking interests and publi utilities. They write their own ticket They have been given a free hand while the farmer and small busines units are subjected to regimentation But regimentation can only be successful by resorting to force, an force—in its final analysis—mean bayonets. The American people ma be driven to desperation, but the tim is not yet come when they will submit to be ruled by the man on horseback.

So far, the course steered by NR promises to give us as a people a mor serious problem than any we have ye faced. It must be changed, and tha quickly, and made to function truly a a New Deal. Today NRA is nothin more than the old deal thrown int high gear, ruthlessly driven over th consumer by big business and it agents, to the end that there may b greater and yet greater profits fo the few and less of all earth's goodness and contentment and happines for the many.

Where Recovery Lags

By BERNHARD OSTROLENK*

ISAIAH gives some economic information on how prosperity was to be brought about in Israel. He recites that "they helped every one his neighbor; and every one said to his brother, be of good courage. So the carpenter encouraged the goldsmith, and he that smootheth with the hammer him that smote the anvil, saying, it is ready for the soldering."

Holy Writ is hazy on the net result of this combination of benevolence, business optimism and the re-establishment of employment in the durable goods industries of the carpenter, goldsmith, solderer, but the program in the light of modern economics seems fundamentally sound. It is the failure of the present Administration to follow the last counsel, that of looking after the durable goods industry, that today largely hampers revival of industrial activity.

Unemployment is today largely centred in the durable goods industries, the industries that produce iron and steel, non-ferrous metals, automobiles and trucks, locomotives, ships, lumber, cement, plate glass, coke, and those that contribute to the construction industry. Out of 11,000,000 unemployed workers, 7,000,000 belong to the durable goods industries, and less than 700,000 in the non-durable goods industries—textiles, leather goods, paper and printing, tobacco products and so on. The remainder of the unemployed are in the service industries.

These estimates of the America Federation of Labor are confirme by figures issued by the United State Department of Labor, which sho that the total number of workers en ployed in the durable goods indu tries, exclusive of the constructic industry, was 4,200,000 in Novembe 1929, and that it dropped to 2,600,0C in November, 1933, a decline of 1,600 000. If we add to this 1,600,000 th 3,000,000 idle workers out of 4,000 000 normally employed in the co struction industry, we arrive at total of from 4,600,000 to 5,000,00 The corresponding figures for the co sumptive goods industries are 4,500 000 employed in November, 1929, an 3,700,000 in November, 1933, a d cline of about 700,000. Though the fi ure for the unemployed in the durab goods industries is lower than est mated by the A. F. of L., the impo tant point is that it agrees with th relative status of employment in th two groups of industries.

The crux of unemployment, there fore, is in the durable goods indu tries that sometimes are referred t as the heavy industries, or the cap tal goods industries. These are th industries that have been the Cir derella of the New Deal and tha await a Prince Charming to mak them happy.

We need not here rehearse the d pressing waste of unemployment whe willing and competent man-powe cannot find work. In the durable good industries this waste is even greate than mere numbers indicate, becaus here we have the skilled workers c

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the nation. They include our architects and engineers, mechanics and technicians, workers whose capital consists of the training and skill they have acquired as technicians.

In the same week that Representative Snell, the House minority leader, announced that "the period for the emergency is over," the Federal Relief Administrator announced that the number of families requiring public relief had reached a new high of 4,700,000, involving some 16,500,000 people, with April expenditures for public relief of $90,000,000 as against $53,000,000 in January. This did not include the large number of unemployed who were receiving no public relief but were exhausting their savings or were receiving help from relatives and friends.

The fact that the combined business activity index now has risen 26 per cent above 1933 is cheering but not reassuring in the face of 11,000,000 unemployed and with distress among them increasing sharply. It is now becoming evident that the NRA, the AAA, the CWA and other emergency measures have gone about as far as they can to restore employment and that none of them has favorably affected the heavy goods industries. Initiates have complained for the last year that the New Deal has ignored the importance of the durable goods industries and has concentrated unduly upon the industries that supply food and clothing; that there can be no industrial recovery without a revival of the heavy industries.

One of the reasons why the capital goods industries have been the stepchild of the New Deal is that they do not readily respond to direct stimulation. Many of them depend upon other industries. There is no point in manufacturing steel unless construction for automobiles or for railroads sets up a demand. To an even more important degree, this holds true for the manufacturers of tools and machinery. These industries can be revived only when factories are working to capacity, and causing a great amount of obsolescence or demanding expansion. The most important consumer of the captial goods industry is the construction industry. For obvious reasons the erection of new factories, office buildings and apartment houses and the extension of railroads and utilities have fallen off sharply since 1929.

Dimly the administration did recognize the need of stimulating the durable goods industries when last Summer it added to the National Recovery Act a $3,300,000,000 public works program. It was hoped, on the passing of the act, that between the public works program and the NRA a large portion of the unemployed would be absorbed before Christmas. But it became evident before long that the preliminary work necessary to award contracts for construction under the PWA was altogether too slow to provide much employment from that source so soon. While the NRA, which was intended to help the consumer goods industries, almost came up to expectations, the PWA was lamentably sluggish in getting under way.

The President consequently lopped off $400,000,000 from the PWA funds to provide prompt employment for some 4,000,000 people under CWA projects. Before that, by executive order, he had already transferred $324,000,000 to the Civilian Conservation Corps. Another $100,000,000 was taken from the PWA funds to expand the work of the Farm Credit Administration. Smaller sums were used to carry on the work at Boulder Dam, the Grand Coulee Dam and other reclamation projects that did not make new work, but only maintained

existing employment. Another $600,000,000, partially appropriated for road building, was a transfer from the regular budget to the emergency budget and merely continued employment on construction under way. This sum was exhausted in the Spring of 1934. The $238,000,000 appropriated for the construction of naval vessels is to be spent over a period of five years and will not create new jobs, but will keep in employment workers now engaged in shipbuilding. An allocation of $153,000,000 for railroads has been all used.

About $1,300,000,000 is left. This will be spent during 1934 on public works construction. This sum, it is estimated by Secretary Ickes, will employ at the peak about 1,000,000 men a month, but even it is not likely to be all expended during 1934. Included in this are non-Federal projects amounting to $628,000,000 and including such items as the New York Triborough Bridge, $44,200,000; the New York subway, $23,100,000; the Chicago sewers, $37,000,000; Philadelphia bridge railway, $11,900,000; San Francisco waterworks, $12,000,000; Minneapolis sewers, $11,500,000; Los Angeles building, $9,300,000; Cleveland sewers, $8,900,000. Some twenty of these projects are of considerable magnitude and constitute approximately one-third of the non-Federal projects. How rapidly these projects can be initiated to absorb unemployed workers is highly problematical.

In brief, the New Deal theoretically provided $3,300,000,000 to stimulate the heavy goods industries. Actually only a relatively small amount has been made available for that purpose, and not nearly enough to reemploy the vast mass of idle workers. Moreover, the effectiveness of the stimulus is greatly diminished by the fact that its force is distributed over too long a period.

A new unemployment crisis is therefore in the offing as soon as the moderate absorption of the unemployed during the next few months ceases to conceal the gravity of the situation. Another large relief fund will be necessary in the Fall to avoid Winter distress of some 6,000,000 or 7,000,000 unemployed. Another hasty CWA fund will have to be improvised. Probably there will be another $400,000,000 which under pressure will later be augmented by another $900,000,000 in the Spring. This would be a repetition of the relief history of 1933-34 without stimulating genuine employment in industries for which workers are trained. The expenditures will no doubt stimulate the production of consumer goods, but the problem of the many unemployed in the various branches of the capital goods industries will remain the same. Obviously fresh efforts to revive the durable goods industries are imperatively needed.

A partial method of calculating the importance of the durable goods industries is by the volume of financing intended for new construction and extension or improvement of existing productive equipment. Even this figure is not all-inclusive since it omits a considerable amount of construction undertaken by corporations without resort to public financing. Between 1920 and 1925 the total volume of such new financing averaged $4,200,000,000. During the next five years the average rose to $7,700,000,000. In 1930 it was a little over $7,000,000,000, but by 1932 the total had dropped below $1,200,000,000.

In addition to this significant decline, an examination of the figures shows an important change has taken place in the make-up of the totals.

Before 1929 about 70 per cent of the new financing was for private construction, whereas in 1932 only about one-third was for private construction and well over two-thirds was supplied by public bodies. In 1933 private construction had dwindled to an even smaller proportion. The bulk of new construction for the past two years has come from public sources. Not only the relative standing but the total contributed by public bodies has declined sharply. For the five years from 1927 to 1931, inclusive, public construction averaged well over $3,000,000,000 annually. In 1933 it was about $1,500,000,000 and in 1934, when Federal projects are added, it is estimated the total will hardly reach $2,000,000,000.

A revival of the durable goods industries must come from either public or private capital construction. It has been the complaint of private industry that its capital construction is being hampered, retarded and, in fact, prevented by the punitive provision of the 1933 Securities Act, whereby corporation officials are made liable for misstatements or omissions of information regarding new securities. Issues of new securities must precede construction, since financing is to construction what electricity is to a dynamo. There may be something in the complaint in exceptional cases, but the fact is that private construction and the issuing of new securities by non-governmental bodies came to a standstill long before the Securities Act was passed. And even the most vociferous advocates of revision of the act admit that it is not likely to bring about a great deal of new financing within the next year. Moreover, some new capital has been successfully floated since the act was passed. Therefore, whatever the arguments may be for revision, it will have little or no influence at present in bringing back prosperity to the heavy goods industries.

Congress is considering other aspects of the financing problem. As this is written there is the proposal to fill the gap in our financial system by providing long-term capital (five to ten years) for small business enterprises by permitting the Federal Reserve Banks to discount such loans made by commercial banks. Hitherto there was no definite place where a small business man needing $5,000 or $10,000 could obtain the money. He could not go to the financial centres because the loan was too small. A prudent commercial bank would not invest its demand deposits in such term loans. Many commercial banks did extend such loans only to find their funds frozen when the need for liquidity arose, because such loans were not eligible for discount with the Federal Reserve Banks.

The new law will bring such loans within the province of orderly financing, but it is not expected that an important volume of capital construction will develop as a result. A survey by the Federal Reserve Board indicates that new construction will amount to about $750,000,000. This is not a negligible sum, but it is not sufficiently important to have much effect on the unemployment problem.

New home financing is another direction in which improved methods may bring about some stimulus to construction. At present the financing of new homes is anarchic and archaic. Any one attempting to build a home, even in good times, finds the financing program beset with difficulties, but since the depression the obstacles have become almost insurmountable. If the borrower needs, say, a $6,500 mortgage, he must find in his neighborhood a man who has this exact sum available. If fortunate enough to

find a lender the loan will then be made for three to five years. Amortization is scarcely ever worked out scientifically nor is the borrower normally in a position to liquidate the mortgage when it matures. Usually it is shifted or renewed after the borrower has consented to pay certain premium and renewal charges which raise the interest rates considerably.

During the depression, when lenders are reluctant to renew loans and the mortgages cannot be shifted to new lenders, the maturing date has proved a Waterloo for home owners. Many of them, not in arrears for taxes, interest or other service charges of the mortgage, have lost their homes simply because of inability to lift the mortgage at the date of maturity. Several States have enacted legislation declaring a moratorium on this type of mortgage foreclosure. Obviously, the mortgage system for home owners needs a radical revision. There are before Congress proposals intended to broaden the authority of the Home Owners Loan Board to enable it to make well-secured loans on new home construction to be amortized over a period of twenty years.

Ability to obtain mortgages for home construction at reasonable rates, with amortization provisions that coincide with depreciation, may stimulate a great deal of building, even during the depression when homes appear to be a drug on the market. But most competent observers are agreed that, while a government institution could greatly assist the construction industry when revival is under way and the shortage in housing becomes more severely felt, construction is not likely in the near future on a scale large enough to help in solving the unemployment problem in the durable goods industry.

We are therefore thrown back on another effort to revive the capital goods industries by another public works program. One basic difficulty is that the announcement, say, of a $10,000,000,000 public works program would promptly revive fears of inflation and that the efforts of the government might be defeated by the flight of capital from the country. Capital, instead of being coaxed out of hiding, might be chased out of the country. To some degree this has been the history of all previous attempts to revive industrial activity by means of a government construction program.

It has been seriously suggested that an important item in the agenda of a world economic conference might be a joint attempt of the industrial nations of the world to bring about recovery by governmental construction programs. But in the absence of such an international public works consortium, the practical question remains whether the flight of capital from the United States in consequence of the announcement would be sufficiently serious to jeopardize the remedial effects of such a program. It would depend largely on the method of financing and the collateral steps taken by the administration to assure the country of the orthodoxy of its budgetary program.

Students of finance are fairly well agreed that the present public debt is not a serious item in our national economy. On the basis of wealth it is far less than the debt burden now borne by Great Britain. Income taxes also are far less than those imposed upon the British people. The United States can undoubtedly bear an additional debt burden and the taxpayers could assume additional income taxes if industrial revival would be the outcome.

If we are to have another public works program, the projects to be un-

dertaken should be carefully selected. One type of public works program would consist of Federal projects, including Federal institutions, public buildings, road construction, public improvements, such as flood protection, parks, roads, grade-crossings and other projects of general benefit to be paid for in full by the Federal Treasury. Another set of projects might be those of special benefit to States, municipalities or other political units. These are generally referred to as non-Federal projects and include schools, college buildings, sewers, water works, bridges, drainage and irrigation projects and so forth. The non-Federal projects should be self-liquidating in so far as the money is merely borrowed from the Federal Government.

In the public works program of 1933 some $600,000,000 was allocated for non-Federal projects, many of which received an outright grant of 30 per cent of the cost and a loan of 70 per cent on the remainder. Some of them received only a loan and some of them merely a grant, but most of them received both loans and grants. The theory of the grant was to encourage construction at this time and to reimburse the public bodies for extra expense incurred to comply with certain labor and code provisions made mandatory in the grant and loan arrangement.

The offer has proved a huge success. There are some $4,500,000,000 of acceptable non-Federal projects for which no further funds were available when the applications were made. This figure could apparently be augmented if the grants were increased and the eligibility of non-Federal projects for grants or loans or both were more liberally interpreted. Private surveys have shown opportunities for starting and getting under way in 1934 some $10,000,000,000 worth of Federal and non-Federal projects which would re-employ millions of workers in the durable goods industries. Speed is essential if the gains thus far obtained by the NRA and the AAA and such contributions as have been made by the PWA and the CWA are to be conserved and rendered effective for a genuine recovery. If Congress adjourns without taking effective action by the only method now possible to provide self-respecting employment for a most valuable and well-trained corps of workers, a new unemployment crisis will be upon us and new emergencies will arise.

While the need for immediate steps to relieve unemployment in the durable goods industries is obvious, for long-term planning there must be a better adjustment between the number of workers in the durable goods and in the consumption goods industries. J. A. Hobson, the English economist, has shown that the enlargement of productive capacity finally leads to restricting the purchasing power available for consumption goods, a development which is the basis of most depressions. We need not here discuss this theory because we are already confronted with the fact that we have a group of workers who have been drawn into the capital goods industries by the opportunities of employment. The long-term program might include a change in redistribu-
might include a change in redistribution of workers, but the present emergency demands that we deal with it forthwith on the basis of our present capacities, skill and plant equipment.

Switzerland's Sane Nationalism

By Alexis Francois*

Less than two centuries ago the civilized world looked upon Switzerland as a new Arcadia. It was the homeland of the legendary liberator, William Tell. Isolated by its mountains in the very heart of Europe, it was thought to be peopled by robust peasants and pretty peasant girls always picturesquely clad in their Sunday best. To the poetic imagination Switzerland was the home of primitive felicity, sheltered from political vicissitudes elsewhere. Its unique freedom shone like a lighthouse in the midst of nations bowed under the yoke of despotic monarchs.

This idyl turned out to be largely a mirage when the country, torn by factions, was swept like chaff before the storm of the French Revolution. Out of the turmoil it was reborn, but also transformed. And this transformation, which continued throughout the nineteenth century, was not accomplished without new troubles and ofttimes bloody struggles in which political passions had their lamentable effects. Nor have the Swiss yet escaped them. Only a little while ago civil strife caused bloodshed in Zurich and Geneva.

Although no Arcadia exists outside the imagination of poets, the relative happiness which modern Switzerland enjoys is an object of admiration or of envy. This is due perhaps to a system of law and order which might well serve as an example to other European nations.

The Switzerland of the twentieth century is no longer an isolated country. Tourists swarm all over it. Crisscrossed by railways over which roar international expresses day and night, it has come to be called the turntable of Europe. Canals are gradually linking the great rivers which flow from the glaciers. The sides of even the highest Alps, already pierced by tunnels, are being covered more and more extensively by motor roads.

As for the peasants who once made up almost the entire population, they still exist, but are now prosperous and won over to the comfort and luxury of the towns. Switzerland is the European country in which the so-called American standard of living is best maintained. On the other hand, manufactures are developing more rapidly than agriculture. There are industries large and small which, importing their raw materials from abroad, naturally seek markets abroad for their output. The Swiss too must deal with the thorny problem of the trade-balance. For this reason finance has become increasingly important. After a long period of prosperity Swiss private banks have now reached the era of great banking corporations. These tend to serve as turntables for European investment which is at once roving and unstable. Swiss finance is no less eager than Swiss industry to find opportunities abroad.

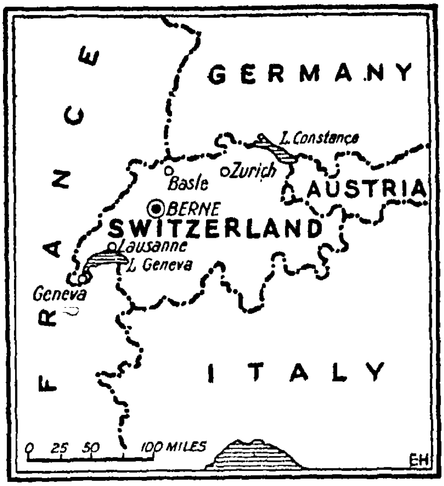
Turning to Swiss intellectual life, we find that it is based on as broad

*A leading figure in Swiss literary life, a professor in the University of Geneva and co-founder with Gonzague de Reynold of the Nouvelle Société Helvétique, M. François is well known as an authoritative writer on Swiss affairs.

and highly developed an educational system as that of any country. Teaching has always been a Swiss science, or art. Its aim has been to form an educated élite, members of which are to be found all over the world. Swiss science and Swiss theology have been ever since the Reformation universal in their influence, even though the total population has never been more than about 4,000,000.

Finally, and perhaps most important, Swiss national life has to withstand the shocks of European politics, not only in time of war—it was momentarily paralyzed by the World War—but also in time of peace. At present the effervescence of nationalism in France, of national socialism in Germany, of fascism in Italy—not to mention Russian communism—causes constant agitation in Switzerland, or at least an uneasiness which allows no respite to the federal government or the people at large. Unceasing vigilance is required to repel the vast tides of European social unrest. The right of asylum, so liberally granted by the Swiss Republic, involves a constant danger of invasion by men or ideas. Switzerland today has nearly 400,000 aliens as against 3,500,000 citizens.

Add to these facts the peculiar character of the Swiss confederation, formed in the course of centuries by the union of twenty-two cantons or little individualistic States. Add also that there are three or four different peoples speaking different languages and in more or less active opposition to one another. Yet the Swiss State is not fragile, a shapeless conglomerate lost in the European community. Despite its many handicaps and outward changes, it has shown remarkable powers of resistance and been most successful in extricating itself from extremely delicate situations.



Switzerland and Its Neighbors

This is certainly not due to unusual cleverness, but rather to some sort of innate conservatism.

This conservatism arises from a strong civic tradition which modern anarchy has been unable to undermine and which, kept alive by democratic practice, takes hold of the mind of the citizen from infancy. The Swiss people are, on the whole, honest and imbued with a sense of duty, and the same can be said of their officials. Civic discipline, moreover, is further strengthened by the influence of compulsory service in the national militia.

Swiss public life consequently exhibits a minimum of necessary change and a maximum of reassuring stability. Change, whether in manners and morals or in politics, is distasteful to the great majority of the people, for they feel that their very existence depends upon avoiding experiments. Except in one or two cantons which are more excitable politically than the others, officeholders are rarely replaced before death or voluntary retirement. This practice is observed particularly in the annual elections to the Federal Council, which directs the affairs of the confederation.

"As few jolts as possible"—such might well be the motto of Swiss democracy today. Its application is easy because its basic inspiration is three words which were borrowed long ago from the strictly republican ideology—independence, equality, neutrality. The whole history of the Swiss Confederation might be regarded as an ascent toward this threefold ideal.

The ideal of independence is that of the twenty-two little States or cantons which, differing in race and language, have sought to guarantee their liberty in a voluntary union. Union naturally involved certain sacrifices, and these have increased as centralization became more and more necessary. Thus, unification has been gradually extended to foreign policy, national defense, currency, law and, up to a certain point, to police administration and education. This result was not achieved in a day, nor without great care to deal fairly with the legitimate susceptibilities of cantonal autonomy. For example, the federal army, in its embryonic form, dates from 1815, but the Swiss civil and penal codes were not submitted for popular ratification until 1898.

Switzerland's successful political evolution has been largely due to the direct, democratic method which originated with the confederation itself. Each time that the prerogatives of the cantons have been curtailed the people have been called upon to give their approval. Parliamentary centralization is constantly moderated by the exercise of popular rights, by legislative initiative and referendum. Very rarely, and only on critical occasions —to put an end to some local dispute, or to safeguard the federal constitution—has the confederation been led to curb the cantons. The evolution of Swiss democracy might indeed serve as a model for any other confederation, for a league of nations or for any system aiming at the establishment of genuine equality among States or citizens.

All the Swiss cantons, great or small, have the same rights in the confederation; all are expected to take an active part in State affairs. The system which, in the old Switzerland, distinguished between sovereign States and subject communities, gave way in the nineteenth century to an equal sovereignty for all, except that two or three "director" cantons retained the privilege of being always represented on the Federal Council, but only so long as it was not against the will of the people as a whole.

To the equality of the cantons must be added a civic equality which takes no account of differences of class or religion. Switzerland is today a middle-class country in which wealth is widely distributed. Its institutions, private as well as public, constantly seek to bring together citizens of all conditions. Occasions for fraternizing, in the best sense of the word, are provided by the great national holidays, when thousands gather for patriotic celebrations, sports or drama and music. These gatherings demonstrate that Swiss tradition and the class-struggle are incompatible.

Religion has ceased to provoke the violent antagonisms which, at the time of the Reformation and of free-thinking radicalism, almost transformed the country into a battlefield. Today, although the great majority of the Swiss are Protestants, the country is really one of diverse beliefs. The various creeds compete with all the more spirit because they are equal in the eyes of the law and because they respect one another.

But the most significant equality is that of race and language. None of the three or four different races

and three or four different languages may claim any superiority over the others, even though they are unequal in strength. At present, 71 per cent of the Swiss speak German, 21 per cent French, a little more than 6 per cent Italian and a little more than 1 per cent Romansch or Rheto-Roman. This diversity does not prevent them from living in harmony, for differences of language seldom arouse feeling. German, French and Italian are used without distinction in public deliberations, though everybody does not speak all three. The well-educated make a point of doing so, and many others are obliged to learn all three languages for business reasons.

Contrary to expectation, the language of the Germanic majority has not been the one to profit most. The German Swiss speak and read French and Italian more willingly than the French and Italian Swiss speak and read German. From this point of view French Switzerland is the most remiss or else the most particularistic of the three linguistic communities. The linguistic equilibrium, apparently upset by the preponderance of the Germanic group, is maintained in practice by common consent and good-will, and by the satisfaction of communicating with the mind of Europe through three great linguistic channels.

The same thing has taken place in regard to Swiss culture. There has been, for example, a noticeable decline in Germanic influence over the intellectuals of French Switzerland. Gone is the time when a Frédéric Amiel went to Germany to arm himself against French thought and taste. Today, Swiss scholars and artists are drawn to Paris. German Swiss newspapers and books, if not translated, find comparatively few readers in French and Italian Switzerland; on the other hand, the German Swiss show much more appreciation of the literary endeavors of their compatriots.

In this connection it is interesting to consider the influence of Carl Spitteler, reputed the greatest poet of modern Switzerland. But he was a universal rather than a national poet. Scarcely popular in German Switzerland, he has not had many more readers in French Switzerland, though in the latter he was fêted during his lifetime, especially because of his attitude during the war. On the other hand, the works of the novelist Ramuz and of the narrative poet Chiesa, at present the most notable representatives respectively of French and Italian Swiss literature, are eagerly acclaimed in German Switzerland. The Germanic reader is evidently more curious than his compatriots. While highly sensitive to Latin charm, he is also less attached to his linguistic capital; even in the best educated circles the German Swiss speaks his regional dialect rather than real German.

The plastic arts, which do not have to contend against the language barrier, provide an easier and much more natural contact for the three groups. Painters and sculptors from all parts of Switzerland are equally appreciated by the Swiss public. Ferdinand Hodler, the Bernese painter, is much more popular than Carl Spitteler. His whole career has been passed in Geneva, where he has won the enthusiasm of all his compatriots as well as world-wide reputation. His work, dealing mainly with Swiss history, ways of life and landscape, combines that Germanic strength and Latin orderliness which have been regarded as symbolic of the national culture.

Although Swiss culture is careful to allow the various groups to express their genius in their own way, it is nevertheless national—even international. No narrow prejudice confines

the Swiss genius to its own soil. Its lively interest alternates between the world and its own little land. Similarly, in the field of philanthropy, the Red Cross and the Winkelried Foundation originated in Switzerland—both for the relief of war victims, but one international and the other national.

To understand the peculiar character of Swiss neutrality, it is necessary to consider the make-up of the Swiss people and their long experience of independence and equality. This "perpetual" neutrality dates from the beginning of the sixteenth century, when the Swiss soldiery as such ceased to play an active rôle on the battlefields of Europe. The lesson of glorious defeats, like that at Marignan, put an end to a policy of conquest that was beyond the strength of the old confederation. From that time on, Switzerland has, as far as possible, kept out of quarrels among the great powers of Europe. While this neutrality was in a sense imposed by circumstances, it was also voluntary. It became a guaranteed neutrality by the treaties of 1815, when the powers recognized that Switzerland's special position as guardian of the Alpine passes was of European interest. The principle of "guaranteed neutrality" was undoubtedly affected by Germany's violation of Belgium's neutrality in 1914. If the Swiss people still cling to "guaranteed neutrality," it is less because of confidence in their neighbors' good faith than because they desire a juridical formula to preserve their dignity.

Foreign critics have imputed Switzerland's voluntary neutrality to weakness and even to cowardice. If true, this would indeed be a humiliating situation—worthier of a subject State than of a sovereign people. But this charge can be disposed of by simply pointing out that Switzerland's political neutrality in no wise implies moral neutrality. Swiss opinion was shown in the most vigorous manner during the World War, as when Carl Spitteler denounced the violators of Belgium's neutrality—his own racial brothers. The great majority of the Swiss people applauded the Allied victory in 1918. For them it meant the end of four long years of anguish, privation, armed vigilance and philanthropic effort. Yet the confederation was ready, throughout the struggle, to defend its territory against any invader.

As their experience of voluntary neutrality has grown, the Swiss people have come to understand the duties and responsibilities which it imposes. It is a privilege, no doubt, but a privilege retained only by incessant effort. At the same time it has come more and more to accord with the fundamental traits of the national character. Neutrality for the Switzerland of the twentieth century is primarily a form of its independence. The confederation, encircled by three or four powers all of which on occasion try to draw it into their orbit, must remain friendly toward each without binding itself to any of them.

Swiss political wisdom has three facets, or perhaps twenty-two if instead of the three federated races its twenty-two sovereign States are considered. Swiss independence is their common possession; yet each surrenders a portion which it feels gives strength to the whole. In 1912, for example, when the confederation concluded a convention with Germany which, on behalf of local interests—those of the St. Gotthard Railway—really placed the Swiss railways under the control of a very powerful neighbor, it was French Switzerland that offered the principal resistance. On the other hand, in the dispute over the free

zones surrounding Geneva on the side of Savoy and the district of Gex, a case that arose from the Treaty of Versailles, it was German Switzerland that opposed France with the greatest firmness.

The voluntary neutrality practiced by Switzerland is thus not only a form of its independence, but also essential to its system of equality. In this way only can there be an equilibrium of twenty-two sovereign States, three races and three or four linguistic communities. According to custom, each of these communities draws a part of its spiritual strength from the larger communities to which it is outwardly attached. Switzerland as a nation would perish if it could not refresh itself at the living sources of the great cultural traditions which its diverse races and languages represent. The French-Swiss mind looks primarily toward France, the Italian-Swiss toward Italy and the German-Swiss toward Germany. Each of them feels that in its Swiss association it represents its own cultural homeland, while neutrality, curbing and harmonizing excessive enthusiasms, becomes a form of tolerance and opens the way for the interpenetration of Switzerland's three minds and three cultures, which are otherwise perfectly independent.

The Swiss spirit has striven during the last fifteen years to penetrate the League of Nations as much as possible. By a happy intuition, President Wilson desired the headquarters of the League to be on Swiss soil. One might suppose that the League of Nations was won over instantly by the spirit of Geneva—the Swiss spirit. Yet the conclusion can hardly be avoided that it is an ideal still ahead of its time, for it is attacked by all who would rule or override other peoples. If there can be no safety for Europe without a League of Nations, there can be none for such an organization without the Swiss spirit.

If the Swiss spirit is not to survive long enough to triumph in Europe, it will be because it will perish in some internal catastrophe, through the dissensions of the members of the confederation or else because a new European war has put an end to both Swiss neutrality and Swiss independence. The second eventuality is unhappily the more to be feared. Although Switzerland still continues to place its hopes in "perpetual neutrality," the last war gave warning of the fragility of that safeguard. The next war will be more savage, more devoid of scruples than all which have gone before. It will be followed, according to all signs, by a period of barbarism like that of the first centuries of the Dark Ages. Many priceless treasures will be destroyed, and among them perhaps Switzerland's honest and benevolent neutrality. The little Swiss nation would, of course, defend itself energetically. But would world opinion be enlightened and strong enough to prevent such a tragedy?

Switzerland is the real home of the European spirit. That is doubtless why aggressive nationalisms regard the little nation with mistrust; or else, impressed by the success of such a unique system, are eager to get rid of its example by setting it down as an exception.

Our Haughty Poets

By NEWTON ARVIN*

AMERICAN poetry of the last ten or fifteen years can be seen in a just perspective only if certain non-literary circumstances are remembered, and especially the circumstance that virtually all the poets in question, as indeed all American poets from the beginning, have been sons and daughters of the middle class. Their fathers, in fact, have mostly been physicians and newspaper men, Protestant parsons or civil servants, teachers or middlingly well-to-do business men, and not landed gentry, needless to say, on the one hand, or factory workers on the other. They are the heirs, in short, of generations of middle-class culture, and their poetry is an expression of that heritage as it has been modified by time and by events.

There is no great novelty in saying that the soul of middle-class culture has been a certain conception of personal independence, and that this has flowered in various forms—some exquisite, some noxious, some magnificent and some narcotic—of individualism. This is the strain in the older American poets that long seemed most vital to younger writers—the strain represented by Emerson, for example, when he said that God, in giving Saadi the lyre, "straitly charged him, 'Sit aloof' "; or by Whitman when he decided that *Leaves of Grass* should open with the line, "One's-self I sing, a simple separate person"; or by Emil Dickinson when she wrote:

> The soul selects her own society,
> Then shuts the door.

The overtones of these three pas sages are by no means identical, an individualism is a protean thing; bu so far as most contemporary poets ar concerned it still means a kind o aloofness, a kind of preoccupatio with the self and a kind of refine exclusiveness. Arthur Davison Fick was speaking for others as well a himself when he wrote to the editor of a radical magazine: "To me, th heart of literature is in those simpl enigmas of courage and love an death which are absolutely individua which have nothing to do with th social revolution, and which ar entirely unaffected by any change in the external world-order. * * * All honest artists * * * are, an must always be, lonely, unsocia and slightly contemptuous spiritua aristocrats." Far as this may seen from rugged individualism, ther is a real, if obscure, connection be tween them; and Archibald MacLeis was expressing a similar thought whe he said, in a poem addressed to "th Social Muse," that poets must neve take sides in political or social con tentions:

> They must sleep wit
> Stragglers from either prince and of bot
> views:
> The rules permit them to further th
> business of neither.

No doubt this would have seemed out landish doctrine to Aeschylus or Dante or even to such a middle-class poet a Milton; but we are not concerned her

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with Greek or medieval or early Protestant poetry, but with American poetry since the war. The writers of this poetry have not seemed either to themselves or to their compatriots to be very representative of ordinary American life, but they and their compatriots have united, nevertheless, in a common conviction that they are simple separate persons, in a common belief in the absolute rights of the individual and a common distrust of any form of collectivism.

Beyond this point, to be sure, the individualism of the poet will take very different forms from that of the practical enterpriser, and there will not seem to be a close parallel between them. Literary individualism, at any rate, may perhaps usefully be said to have two poles, a positive and a negative. At the one pole it means an absorption in personal and especially in inner experience; at the other it means a contempt for the "crowd," a paralysis of the desire to communicate with others, and an indifference to the possibility of being widely intelligible. To speak first of the negative side, it was partly by expressing this high scorn for the multitude that Ezra Pound ushered in the new poetic era some twenty-five years ago, and his vituperations have been echoed by more than one of his juniors. The late Mrs. Elinor Wylie may be allowed to speak for many of them:

> Avoid the reeking herd,
> Shun the polluted flock,
> Live like that stoic bird,
> The eagle of the rock.
>
> The huddled warmth of crowds
> Begets and fosters hate;
> He keeps, above the clouds,
> His cliff inviolate.

Mrs. Wylie's chilly aloofness, to be sure, is but one variant on the theme, and other variants would have to be described in a thoroughgoing summary: Edwin Arlington Robinson's ironic strictures on democracy in *Dionysus in Doubt,* Miss Edna Millay's neo-Bohemian disdain for the Philistines, Robinson Jeffers's fierce misanthropy—but the list is too long to be protracted here.

What is more important in modern poetry, however, than explicit contempt for the multitude is the kind of apparent indifference implied by a manner of writing—a manner calculated to limit the poet's audience to a handful of highly selected and specialized readers. "Obscurity" is perhaps a tiresome word to iterate in this connection, but the thing behind the word can hardly be passed over. One need not argue that poetry should be a matter of monosyllables in order to be struck by the often formidable and sometimes insuperable difficulties in a typical volume of contemporary verse. It is the result, needless to say, partly of the attempt to express increasingly tenuous and exceptional experiences, but also of the determination to express these rarities through images, allusions and even typographical arrangements that will carry a freightage of connotation only to the poet himself and a few of his fellow-spirits.

American poetry in the last decades would not, in general, be what it is if it were not for the influence of French Symbolism, and it was a leader of the Symbolists, Stéphane Mallarmé, who said that a poem is "a mystery of which the reader must look for the key"; it was another Symbolist, Remy de Gourmont, who said: "Personal art—which is the only art—is always very nearly incomprehensible. Once understood, it ceases to be pure art, and becomes a motive for new artistic expressions." In short, there is something of the enigma in every "pure" poem, and the reader's rôle is rather that of detective than that of fellow.

Such is the highly individualistic

background for the marvels of expression which many modern poems must be recognized to be—marvels of expression, however abortive as communications. Ezra Pound is a prodigally gifted writer, but his *Draft of XXX Cantos* will be full of meaning only to a reader who knows something like as much Greek, as much Latin, as much Old French, as much Provençal, as much Italian, and so forth, as Mr. Pound knows; and even to such a reader it seems likely that the obscurely personal transitions from image to image, from one point of reference to another, would prove a barrier. On a different level, E. E. Cummings is master of an exuberant rhetoric, but his readers must often look long for the "key" to the mysteries of his divorced parentheses, his anagrammatic spelling, his unemployed adverbs and his vagrant capitals. He is a born rhetorician with a fear of being vulgarly understood. He is by no means unique.

All this on the negative side. More positively, a hallmark of the great bulk of recent poetry is its acute and unprecedented introspectiveness. The converse of the modern poet's contempt for the multitude, or his indifference to it, is his absorbing interest in himself, or in other selves regarded as similar units; if he cares little about being understood by men in general, he aims at a degree of self-understanding that Socrates could hardly have contemplated. In kind, this self-consciousness is no new thing; it was first awakened in the Renascence, and has colored English poetry since Sir Thomas Wyatt; it reached a kind of climax, however, in the romantic movement a hundred years and more ago, and has borne some of the earmarks of decadence ever since. In late years, it has been feverishly stimulated by the development of modern psychology, especially of abnormal psychology and psychoanalysis.

A clinical odor, as a result, hovers over a good deal of contemporary poetry, and more than one American poet has something of the air of a psychiatrist confronted by a patient. E. A. Robinson's long narrative poems are really a form of literary diagnosis, searching, insinuating, and hypersubtle; William Ellery Leonard's *Two Lives* is a detailed and minute account of a tragic experience that might be called a sublimated case-history; and T. S. Eliot's "Portrait of a Lady" indicated how far he might have gone in that direction if he had chosen to.

With these three poets psychological curiosity is at least in part objectified; with most of their contemporaries, it is almost wholly introverted. In reading them, one has the strong impression of overhearing a soliloquy, or even, by some mysterious dictaphonic process, of listening to one of those "interior monologues" of which modern fiction, too, has made so much. It is hardly possible to exaggerate either the refinement with which some of these poets have succeeded in expressing almost inexpressible moments of psychic life, or the effect of claustral seclusion which they produce. To read some of the women poets, for example—Miss Edna Millay, Miss Louise Bogan, Miss Léonie Adams, "H. D." (Hilda Doolittle)—is to marvel at the skill with which the faintest eddies in the stream of consciousness are captured and recorded; but it is also to feel like an intruder in a realm of which essential solitude is the presiding deity. Nothing could exceed the ghostliness with which, when they appear at all, the world of objects and the human race appear in these conventual precincts.

The poet in whose work these centripetal tendencies are most interestingly pronounced is probably Conrad Aiken, a writer who has declared that the endless exploration of consciousness, without a basis in positive beliefs or an outlet in action, is a sufficient justification for living. The centre of his work seems to be the fact of solipsism—the impossibility of which some metaphysicians speak—of escaping from the prison of the ego and assuring one's self that other men and the world of things do certainly exist. At any rate, Mr. Aiken has written a series of remarkable poems of which the recurring themes are the mysteries of personal identity, the chaotic disunity of the inner life, the paranoiac vagaries of the ego and the dreamlike instability of the external world. In one of these poems, *The Pilgrimage of Festus,* the soliloquizing protagonist breaks out into words that may serve as an epigraph not only to Mr. Aiken's work, but to that of many of his contemporaries:

> Ah, Festus, Festus, Festus,
> How always about you, greater than the world you dream of,
> Rises immortally beyond you your own self's wall!

To be imprisoned as closely as this in the cell of the ego is to have at best a wavering belief in other realities; and, partly on account of its exaggerated subjectiveness, partly for other reasons, contemporary poetry is again and again the voice of a profound skepticism that passes over into various forms of pessimistic negation. Skepticism of a certain sort, of course, may be essentially positive and quite consistent with an affirmative outlook; but not the lonely skepticism behind so much modern poetry, as two lines in Wallace Stevens's "Palace of the Babies" conveniently indicate:

> The walker in the moonlight walked alone,
> And in his heart his disbelief lay cold.

The disbelief behind modern poetry is not a healthy distrust of vulgar delusions, but a cold incapacity for hearty belief in anything; a pernicious anemia of the power to form convictions; a dry sense of the futility not only of action but even of feeling and thought; an obsession with drought and sterility; and sometimes a pathological denial of all value in human existence. It is by no means confined to the younger writers who have appeared in the period since the war, nor can it be attributed mainly to that event. E. A. Robinson's preoccupation with failure, Robert Frost's philosophy of evasion ("Me for the hills where I don't have to choose"), Carl Sandburg's hatred of time and change—these things have roots too deep to be described in terms of "post-war neurosis."

It is true, however, that the poems in which these negations are most completely expressed have mainly appeared during the last ten or fifteen years. The poet whose work gives voice with finest eloquence to the mood of senile weariness, of disgust for the world as it is, of self-torturing contempt for one's own aspirations, is certainly T. S. Eliot in his first phase. His early short poems, "The Love Song of J. Alfred Prufrock," "Mélange Adultère de Tout," "Gerontion" and others, are utterances of the most unmitigated ennui. "Here I am," he wrote, in the familiar opening lines of "Gerontion":

> Here I am, an old man in a dry month,
> Being read to by a boy, waiting for rain.

But these poems were overshadowed in 1922 by the appearance of an extraordinary long poem, *The Waste Land,* in which the sense of spiritual sterility that oppressed an age received its classic statement in verse. The symbolism of the poem, in fact,

it need hardly be said now, is mainly drawn from the legend, associated with the Arthurian cycles but more primitively derived, of a Fisher King who is mysteriously stricken with impotence, and who, in his strange stupor, throws such a baneful spell over his whole land that it lies waste and waterless about him. The spell which, in its turn, this epic of debility threw over a generation of younger poets is hardly to be exaggerated. Among the poems which owed much to its example a characteristic specimen is Mr. MacLeish's somewhat romantically ironic *Hamlet of A. MacLeish.*

Disgust is the unifying emotion behind all these poems, a shuddering repulsion at least from modern life; and disgust is the chief emotion behind the work of Robinson Jeffers, a very different writer. Here the repulsion, though no doubt originally an attitude toward modern life—"Civilization," he says, "is a transient sickness"—has become an attitude toward human life in general. In a series of sometimes powerful, sometimes paroxysmal narratives, *Tamar, Cawdor, Thurso's Landing* and others, Robinson Jeffers has represented human beings engaged in the most deadly forms of mutual destruction and self-violation; but, unlike the Greek tragic poets to whom he is indebted, he appeals to no positive values in personality; on the contrary, he denies that human life can be anything but an irredeemable corruption:

> Humanity is needless.
> I said, "Humanity is the start of the race, the gate to break away from, the coal to kindle,
> The blind mask crying to be slit with eye-holes."

So intense is this aversion to human existence that it becomes, as in Thomas Hardy's poetry, a nostalgia for nothingness. In one of his narratives Jeffers declares that "annihilation is the most beautiful word," and a character in the same poem cries out in anguish: "The thing would be to find out a way of getting *un*born."

Not many contemporary poets are so sweeping in their denials as this, and what used to be called *Weltschmerz* did not set in only with the twentieth century; but the mood was never characteristic of American writers, despite the case of Mark Twain, before the last ten or fifteen years, and during that time most of the landscape of poetry has either been shrouded in a fog of doubt and futility or overcast by a black cloud of dejection. At times it has seemed as if all contemporary poets were at one with a character in a poem by John Crowe Ransom, who concludes a bitter dialogue with the words:

> As well might be
> Beneath ground as above.

At times, I say, this mood has seemed to be universal; actually, it could hardly be either a consistent or a permanent state of affairs. Both the intellect and the lungs rebel against settled fogs, and the most interesting verse of the last half-dozen years or so represents an attempt to get beyond skepticism and self-pity. Not that it is always easy to distinguish between attempts to get beyond these things and attempts to get away from them; of course it is true that a writer may always take refuge from the sterility and the chaos of the present by retreating to some real or imagined past.

A conviction that the past was more fertile and more beautiful than the present is the assumption behind such poems as *The Waste Land* and *XXX Cantos,* but Mr. Eliot and Mr. Pound are not alone in assuming this; E. A. Robinson, for example, seems more at home amid the Arthurian scenery of *Lancelot* and *Tristram* than in the

America of his own time; Amy Lowell was subjectively more at home in Renascence Venice or Georgian England; and "H. D." has confined herself, as regards imagery, allusion and color, to classical Greece. More recently, Mr. MacLeish, in *Conquistador*, a narrative of the conquest of Mexico, has undertaken to evoke the heroic spirit of an age of ruthless action; but here, as in most of these works, one is conscious not so much of the real vitality of the past as of its picturesqueness or its melancholy charm.

Something of the same sort is true even of certain efforts to take refuge in the American past. There was a painful nostalgia in such poems of the late Vachel Lindsay's as "The Virginians Are Coming Again" and the hackneyed "Abraham Lincoln Walks at Midnight"; and Stephen Vincent Benét's *John Brown's Body* is less an attempt to bring the Civil War poetically into positive and significant relation with the present than an attempt to press the historical materials into the service of poetic romance.

A far more ambitious and more philosophic excursion into American history was made by the late Hart Crane (who committed suicide in 1932) in a long and difficult poem, *The Bridge*—a series of poems, rather, spanning the stream of time that runs between Columbus and the New York subway, and ostensibly unified by the symbol of Brooklyn Bridge with which the series begins and ends; but, honorable as the experiment was, the poem itself leaves an impression of imperfect unity and very imperfect lucidity, and Crane seems not to have found the right key to the American past or the American present.

Behind many of these expeditions into the past lies not only the feeling that the present is ugly and sterile, but the feeling, usually ill defined, that the individual cannot after all exist as an independent atom, that he is not really a simple separate person, and that he must get into relation with something, if only the romance of the past, that will mitigate his sense of fruitless isolation. To some writers the predicament has been even plainer than this, and they have consciously sought to leave chaos behind them by resuscitating some social ideal out of history and making themselves its spokesmen.

Mr. Eliot, an expatriate, announced some time ago that he was a Royalist; and, here in America, a group of poets in the South have repudiated the "progressive" liberalism of the older generation of Southern writers, have rejected at least the individualism of modern economics, and devoted themselves to a program of restoring Southern life, so far as may be, to what it was in the days of the planter aristocracy. Secession would not seem to some of these writers—Allen Tate, John Crowe Ransom, Donald Davidson—too high a price to pay for liberation from Northern industrialism; their attitude toward the national union is suggested by these lines from a poem of Mr. Davidson's:

Today, Lorena, it is forbidden to be
A Southerner. One is American now;
Propounds the pig's conception of the State—
The constitution of, by, for the pig—
Meanwhile pushing his trotters well in the trough.

Royalists and Confederates unite in denouncing the individualism of the liberal heritage and in appealing to some traditional principle of social authority. The germs of a Fascist philosophy may be detected in this position, and from somewhere among these groups we may doubtless expect to see a Fascist laureate emerge. Mr. Eliot and some of these other writers, it should be said, have abandoned individualism also to the

extent of embracing religious dogma; and Mr. Eliot's verse since *The Waste Land* has been written from the point of view of an Anglo-Catholic.

At the opposite pole from these poets stand the younger writers, who seem to have in mind the second line of *Leaves of Grass* rather than the first: "Yet utter the word Democratic, the word En-Masse"; who are less interested in Whitman's libertarianism than in his gospel of comradeship; who believe that pessimism and misanthropy are not necessary attitudes for the modern mind but symptoms of a disordered social life; who repudiate individualism in the interests of radical collectivism; who wish to express not so much their own private experiences as the experiences and the purposes of a whole class; who insist that it is necessary for writers to take sides in political struggles, and who take sides not in favor of a traditional ideal but of a Socialist ideal that has yet to be realized.

Against writers of this school, against the so-called "proletarian" poets, it is charged that they propose to degrade poetry in the interests of political propaganda. To this it is answered, as for example by Horace Gregory, a young poet, in a recent essay on Shelley, that poetry in the past has often and legitimately been the utterance of civic pride, of patriotic piety, and of political idealism; that, especially before the onset of Symbolism, there was such a thing as prophetic poetry that was by no means merely a "personal art"; and that poets may again be what Shelley called them, "the unacknowledged legislators of the world." Something like this was the position of certain poets even in the decade before the last—of Arturo Giovannitti, for example, the I. W. W. poet, and of Lola Ridge, author of *The Ghetto*—and it is the position of such as Horace Gregory, Norman Macleod, James Rorty, Isidor Schneider, the group of poets of the *Unrest* anthologies, and the four young poets of the anthology, *We Gather Strength,* Edwin Rolfe, Joseph Kalar, S. Funaroff and Herman Spector.

It can hardly be argued that American poetry has played a conspicuous rôle in American life in general during the last generation, and perhaps it is not likely very soon to play such a rôle; but whatever may be its destiny in the immediate future, it seems certain that American poets, no matter what their affiliations, will sit less and less aloof than for a long time they have done or tried to do; that they will be less and less content to be merely personal writers; and that they will again acquire a sense of responsibility to the culture of which they are a part. The days of "shutting the door" are probably over.

Current History in Cartoons



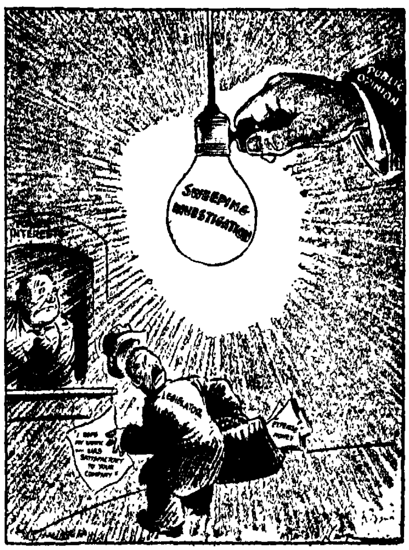
Greater than its creator
—Birmingham Age-Herald



An interruption in the trip to the hospital
—New Haven Evening Register



"Have the Stock Exchanges been regulated yet?"
—St. Louis Post-Dispatch



Let there be light!
—The Knickerbocker Press, Albany



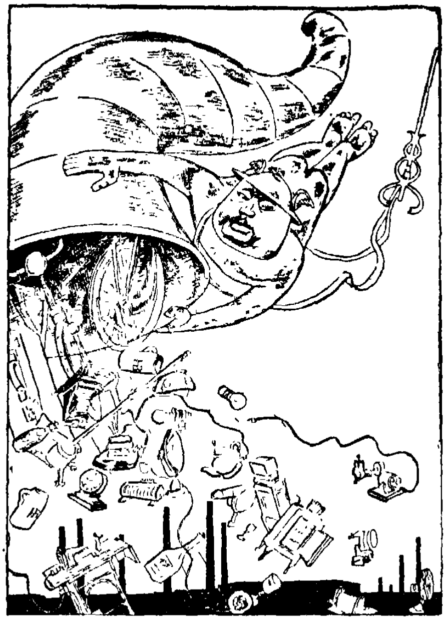
Nurse—"Oh, doctor, changing baby's food always upsets him"
—*The Detroit News*



And look who gets the silver lining
—*NEA Service*



Worth trying, at least
—*Portland (Me.) Press Herald*



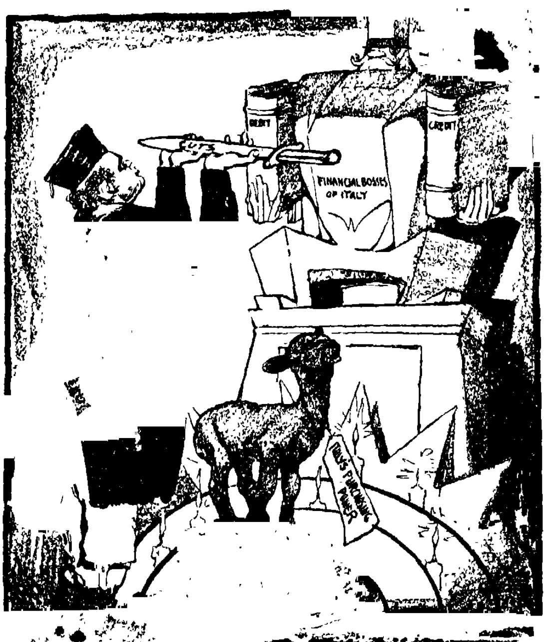
Japan—"Don't worry about finding work; I'll deliver the goods at half price"

—*Simplicissimus*, Munich



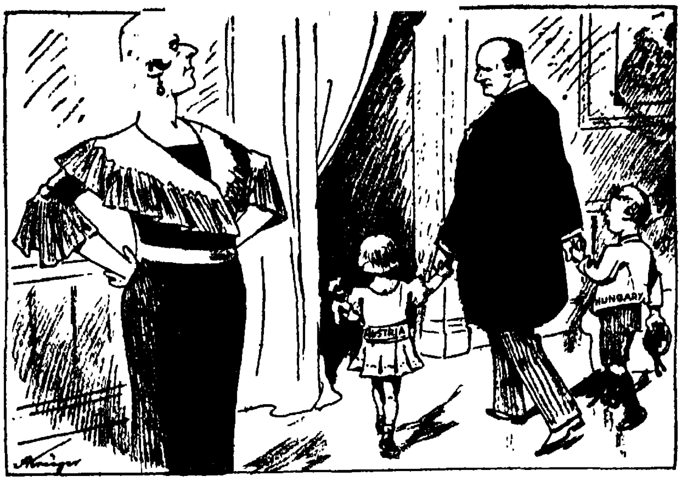
Getting ready for another hop?

—*The Sun*, Baltimore

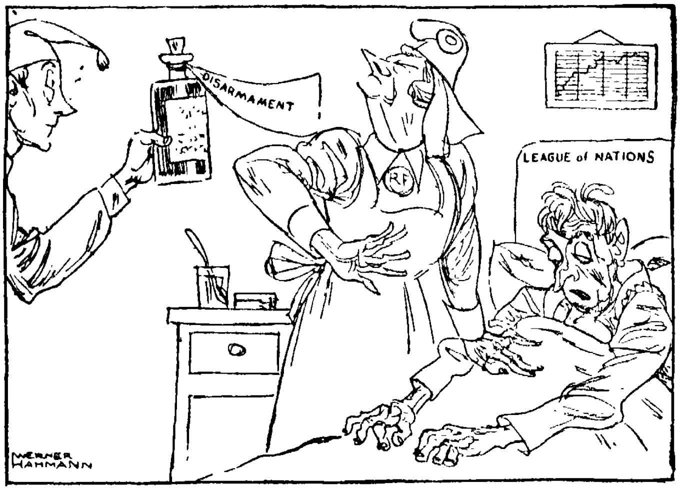


Black (shirt) magic, or the sacrifice

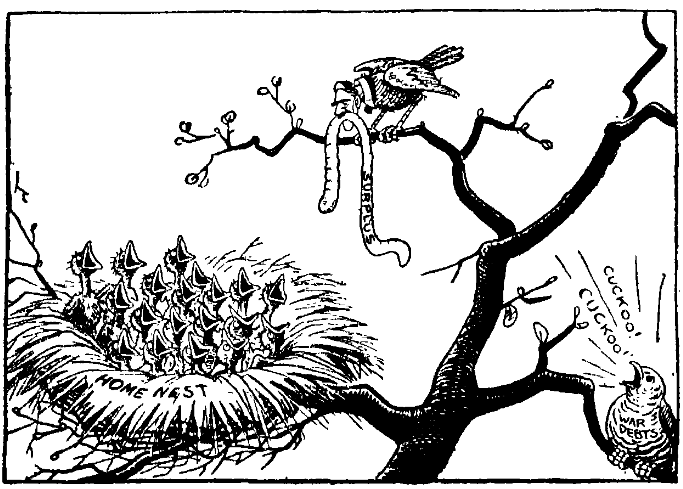
—*Daily Herald*, London



Marianne—"What are you thinking of, Benito? I put the children in the corner, and now you want to take them walking" —*Kladderadatsch*, Berlin



France refuses to give the patient the only medicine which will cure him —*Kladderadatsch*, Berlin



Anxious moments in England —*The Daily Express*, London

A Month's World History

An International Breathing-Spell

By Allan Nevins
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The external relations of European countries continued upon a more stable and reassuring basis in April. Fewer flourishes and alarms were heard on the political stage, and observers could watch events without being disturbed by constant threats of war. Except for the debate upon disarmament, the nations were absorbed in their domestic affairs—balancing budgets, revising their forms of government and generally mending their fences. So far as international relations went, the world witnessed only two really disquieting episodes. Rioting and air-bombings in the Italian-owned Dodecanese Islands about the middle of the month aroused the indignation of the Greek people against Italy. On April 17, the spokesman for the Japanese Foreign Office made a "hands-off-China" statement which was denounced by Chinese officials as an affront, and which immediately elicited from Great Britain and the United States warnings that neither country could permit any infraction of the Nine-Power Treaty, which provides for the open door in China. The unequivocal note of the American State Department, published on May 1, flatly rejected the spokesman's apparent assumption that Japan holds a special position as arbiter in Chinese affairs.

Internally, even the most troubled nations enjoyed a gratifying degree of peace and quiet. In India, Gandhi on April 7 called off the civil disobedience campaign, which in recent months has proved almost impotent, by an "advice" to the Indian Congress leaders. In France, Gaston Doumergue, the elderly Premier, earned general praise for his courage in moving to balance the budget by a series of decrees cutting the salaries of civil servants and the pensions of veterans. The fact that these drastic reductions were accepted with only sporadic mutterings and demonstrations indicates that France as a whole has confidence in its present government. A set of parliamentary reforms is now being drawn up in an effort to remove the sources of corruption revealed in the Stavisky affair. Since for two months France has tottered on the apparent verge of civil war and a lurch toward fascism, the fact that May Day passed with only slight disorders was highly gratifying. Spain likewise has avoided any serious disorders, and the new Cabinet under Ricardo Samper received on May 2 an encouraging vote of confidence from the Cortes.

Remembering Sarajevo, many political writers have of late again referred to Austria as the tinder-box of Europe; but the danger of a spark

there has been removed for at least the moment by the erection of a strong national government, and by a change to more conciliatory tactics on the part of Austrian leaders. The Austrian Parliament, assembled for the purpose on April 30, set its rubber stamp upon the new Constitution provided by the Dollfuss government. This sets up a "corporative State" on the Italian Fascist model, and means the end for the present of the experiment with democracy in the old Habsburg stronghold. Yet at the same time there is evidence that Austro-German antagonism may shortly be healed by both a political and commercial rapprochement.

In short, clearer skies are discernible in various directions. Meanwhile, the hope still gains ground that the Soviet Union may before long seek admission to the League of Nations. France is of course the chief sponsor of the movement to draw Russia in, and is supported by her Little Entente allies, which can offer the Soviet Government recognition if it will consent. Such a strengthening of the League is much to be desired. Poland, which might demur, could presumably be placated by being given a permanent seat in the League Council alongside the Soviet Union. Objection has also been made in Italy, where various observers see the possibility of an anti-German bloc at Geneva under the leadership of France and Russia. But this objection could be obviated by Germany's return to the League. Indeed, Great Britain and France have contended all along that Germany must return before a general arms convention is signed. One of the chief reasons for desiring a stronger League is that it would brighten the outlook for disarmament. This reason, however, weighs little with the Soviet Union. It is regarded as certain throughout Europe that the Soviet Government will sign no arms convention that Japan does not sign; and nobody in Europe or America has the slightest belief that Japanese interest can be reawakened just now in either the League or the debate upon arms.

Leaders in one commendable international effort, the provision of homes and work for refugees from Nazi Germany, have reported a hopeful amount of progress. High Commissioner James G. McDonald, in a 7,500-word statement on May 2 to Viscount Cecil, Raymond B. Fosdick and other delegates in London, showed that approximately 10,000 have now been permanently settled in Palestine, that 2,500 have entered the United States, and that openings are steadily being made for small groups in Canada, South America, Africa and other lands. The "congestion" in Paris, Holland and London has been lessened (France now having 21,000 refugees as against 25,000 last December) and the amount of misery reduced. Several governments have acted to make immigration easier, and many are helping to train refugees for new occupations.

DISARMAMENT DEADLOCK

One phase of the armaments question has of late come in for vigorous discussion. The operations of the armaments industry before, during and since the war is being subjected to a spirited, if necessarily incomplete, exposé. It is the least advertised business in the world, and its leading figures, like Zaharoff, Schneider and Thyssen, have always been men of mystery. Now with the publication of three books, *Merchants of Death,* by H. C. Engelbrecht and F. C. Hanighen; *Iron, Blood and Profits,* by George Seldes, and *War for Profits,* the translation of a German

treatise by Otto Lehmann-Russbueldt, it is achieving some of the publicity it deserves. These books, with a number of supplementary magazine articles, present one of the most easily comprehended arguments for peace that have thus far appeared. They show that the great makers of armaments have been only too glad of every opportunity to sacrifice humanity for profits; they demonstrate that the business has done its best, through such men as the German Paul von Gontard, the British Sir William White, and our own William B. Shearer, to create trade by alarmist and hate-making tactics; and they prove that it has been international in the most cold-blooded sense. When the powers were locked in the death-grapple of the World War, trade went on across national lines. German munition-makers sold barbed-wire entanglements to the Allies through Switzerland, and German soldiers died on them before Verdun; French munition-makers sold chemicals to the Germans, and French troops were slain by the resulting high explosives.

A committee of the United States Senate laid plans during the third week in April for an inquiry into munitions manufacturing. This may throw some light upon the operations of the great foreign makers of arms—Vickers, Ltd., in England; Schneider-Creusot & Cie., in France; Krupp, Siemens and others in Germany; the Skoda works in Czechoslovakia, and Mitsui in Japan. It should throw much more light, however, upon the activities of our own munitions firms, led by the Bethlehem Steel Corporation and the E. I. du Pont de Nemours Company. The latest report of Vickers in England announced a net profit of £543,364 for the year.

Meanwhile, the movement for a world-wide or even a European agreement upon the limitation of arms languishes. A dramatic indication of its weakness appeared on April 25. The most influential single group of pacifists in the world is the British Labor party; on that date it issued a manifesto appealing to Russia and the United States, in view of the critical position of the World Disarmament Conference, to join forces with the other powers at Geneva to prevent a "drift toward war." This may be called a mere gesture, but it possessed eloquence. Both the Soviet Union and the United States now stand in an aloof position. The Soviet Government, after consistently insisting at Geneva on early and realistic steps for a reduction of arms, finally gave up, and Maxim Litvinov returned home in disgust. The United States is in much the same position, having withdrawn from the discussion on the ground that it had become tangled in political complications which have no relation to the fundamental aim of disarmament. President Roosevelt has till now resisted the pressure brought upon him to try and rescue the conference, possibly by summoning the powers to a new meeting under his leadership. The British Labor party would have both Russia and the United States renew the effort for an agreement.

Throughout April the old deadlock between Germany and France upon the disarmament question persisted unbroken. The one insists on partial equality in armaments, to which she is in justice entitled and which she will eventually get. The other is determined to yield nothing that will imperil her security. Of late the chief hope for breaking the deadlock has lain in the apparent willingness of France to agree to a limited rearmament by Germany provided that she herself receives from the other powers

especially Great Britain, "guarantees of execution." Seizing what seemed an opening, Sir John Simon (see May CURRENT HISTORY, page 197) late in March sent a note to France asking a specific definition of what would be acceptable as guarantees of execution.

Hardly had he done so before the German Government, at the end of the first week in April, revealed its military budget for 1934. This provided for an increase over 1933 of 50,000,000 reichsmarks for the navy, 132,000,000 for aviation, and 175,000,000 for the army. This enormous addition of 357,000,000 reichsmarks startled both Great Britain and France. Sir John Simon, on April 9, told the Commons that the government was giving "very serious consideration" to the new German expenditures. In Berlin, official spokesmen ingeniously explained the increases away—the naval money was to replace old and dangerous machinery, the army money to reorganize on the basis of a short-term militia, the air money to substitute multi-engined machines for single-engined craft in the civil air service. But it was clear that a body blow had been struck to the hope of compromise upon disarmament.

The British Government addressed inquiries to the Reich, through its Ambassador in Berlin, as to the meaning of the German budget; and a brief but positive reply was received in London on April 16. It asserted that Germany was willing to accept the British Draft Memorandum, subject to a certain important modification, as the basis for an arms convention. The modification related to aircraft. Germany was unwilling to wait two years for an adequate means of aerial defense. It demanded immediately a short-range air force with defensive equipment, not including bombers, the numerical strength of which would not exceed 30 per cent of the combined air forces of Germany's neighbors or 50 per cent of the military aircraft of France alone—whichever figure was less. As a concession, Germany would agree to regulations to insure the non-military character of its Storm Troopers and special guards; they should not receive military instruction or be given military equipment. Germany, in other words, was willing to sacrifice soldiers to the vastly more important need of an air force. These demands, on their face, were not unreasonable, but they deepened the unfortunate impression made by the budget.

They also gave France the opportunity for which she was waiting—an opportunity to break off the disarmament discussion altogether. In a note which sounded painfully unreasonable, the French Government replied on April 18 to the question Sir John Simon had asked in March regarding guarantees of execution. This note realized the worst fears of Whitehall. It refused altogether to discuss guarantees. It accused Germany of flouting the Treaty of Versailles and of taking steps to increase immediately its army, navy and air forces "on a formidable scale." As for the Storm Troopers, it declared that Germany was much less anxious to suppress them or to convert them to civil purposes "than to perfect them as an instrument well suited to war." In conclusion, the note announced that the whole question of arms limitation must be brought back to Geneva, and that Germany must come to Geneva to discuss it. The presence of the Reich in the League, stated the French Government, is "indispensable for the realization of a satisfactory system of guarantees."

This note clearly meant that the Right Wing extremists of the National

Union had won a victory over Foreign Minister Barthou. The words "it is the duty of the conference to resume its work" have an ironic implication. The conference can do nothing without the previous agreement for which Great Britain has been striving, and for the present all hope for a convention is at an end. As if to emphasize the finality of the note, the British Government hastily gathered it and the German statement, with earlier documents, into a White Paper which it issued on April 18. This clearly signified the closing of a chapter.

The Disarmament Conference was to convene again in Geneva on May 29. Why that date was chosen nobody knew. The entire subject was wrapped in deeper gloom than ever. Hence the appeal of the British Labor party to Washington and Moscow as the month of April ended. Great Britain, after the failure of the gallant effort by Sir John Simon and Captain Anthony Eden to bring about a compromise, might well have felt that she could do no more. Hope of a solution must be given up, until there is more reason in Berlin and Paris—particularly Paris.

WORLD ECONOMICS

While optimism is still restrained, the general opinion among economists is that the world is witnessing a swing upward from the low point of the depression. The International Labor Office has reported a continued rise in employment in recent months in no fewer than twenty-one countries, the improvement being greatest in the United States, Canada and Germany. In Great Britain unemployment has fallen by nearly 600,000 in the past year and by 117,000 in March alone; the registered unemployed on March 19 numbered 2,201,000—the lowest figure since October, 1930.

International trade remains at a low ebb, but it is plainly recovering. The assured passage of the bill authorizing President Roosevelt to make commercial treaties with other nations and to readjust our tariff in connection with these treaties is of hopeful augury. An address by Secretary Cordell Hull on April 24 emphasized the importance of trade expansion. He once more pointed out that there is a rational middle path between extreme nationalism and extreme internationalism in economic matters, and attempted to define it. Before the Senate Finance Committee on April 29 he renewed his arguments, which were supported by a no less eminent Republican than former Secretary of State Stimson.

In other matters of international economics the month was quiet. The experts of the International Wheat Commission concluded their preliminary discussions in Rome early in the month and adjourned until June. The general feeling was that they had made little progress in dealing with the vast problem of restricting the world's production of wheat. At the June meeting the delegates will have to consider a demand by the United States for an increase in its quota for 1935. This demand, announced by the Department of Agriculture on April 17, is a logical sequel to the drastic change in the government's wheat policy which Secretary Wallace has recently indicated. Until now the government has maintained wheat prices at an artificial level above the world market, but eventually, according to the Secretary, prices must be permitted to take their normal course. The news of this changed attitude caused a heavy break in the American wheat market, prices slumping in one day by almost 5 cents a bushel.

Efforts to reach some fairly per-

manent settlement of the problem presented by Germany's debts to private bondholders commenced on April 27 with a conference between President Schacht of the Reichsbank and representatives of foreign creditors. German exports, which determine the amount of foreign exchange available for servicing the debts, continue at a low level, partly because of general trade conditions and partly as a result of the boycott of German goods by world-wide elements which detest the racial intolerance and the labor policies of the Nazi government. Dr. Schacht was inclined to agree, under pressure, that Germany could continue to meet the interest on the bonds issued under the Dawes and Young Plans, a concession which made it possible for Leon Fraser, president of the Bank for International Settlements, to accept the chairmanship of the conference.

Labor's Share in Recovery

By E. FRANCIS BROWN

WHAT are we going to do about labor? That question, with its several corollaries, underlies much that is happening in America today. It bears directly, for example, on the matter of economic recovery.

American business on May 1, at least as revealed by various indices, was well out of the trough. *The New York Times* index of business activity reached 88.7 for the week ended April 28; a year ago it was 72.2. Steel operations for the first week of May were estimated at 55.7 of capacity—the highest point since July, 1933. For the week ended April 28, the index of automobile production advanced to 84.3—a year ago the figure was 41.5—and it was estimated that total automobile production for April would be the largest since May, 1930. Nor were these the only signs of business recovery. Net operating income of the Class I railroads in March showed an increase of 392 per cent over March, 1933, and 59.1 per cent over March, 1932. During April 627 corporations paid dividends amounting to $175,667,316, compared with $141,092,125 from 586 corporations in April, 1933. If enough reports of this nature were cited—and they could be—then might one conclude that, so far as industry was concerned, the worst was over?

An immediate and important reservation would come from labor—which has grown more militant of late. Unemployment has obstinately remained. Though the American Federation of Labor could report that 500,000 men and women returned to work in March, lowering the total of jobless to 10,905,000, attention was called to an alarming trend. "It is significant," President Green said, "that while business activity in March was more than 9 per cent above the October, 1933, level * * * unemployment in March was considerably greater than in October. * * * The contrast is particularly striking in the manufacturing industry, where from October to March production increased 7.9 per cent while employment rose only 4.1 per cent." Seemingly the figures gave

weight to Mr. Green's insistence that "the effort to put men back to work has slackened and employers are more interested in increasing workers' productivity than in creating jobs."

A few days after this report was published the president of the A. F. of L. requested President Roosevelt to push through Congress legislation for a thirty-hour week in all industries. Specifically Mr. Green asked that Presidential approval be given to the Connery Thirty-Hour Week Bill pending in Congress.

Even if unemployment totals declined slightly, there was no fall in the numbers on relief rolls. The A. F. of L. reported at the end of April that there had been "no progress whatever in eliminating destitution" and that "from 3,000,000 to 4,000,000 families" were "wholly dependent on public funds." In this regard recent revelations of the disaster that has overtaken skilled workers and craftsmen in America are particularly pertinent.

The Architects' Emergency Committee estimated at the end of April that 91 per cent of all American architects, many of whom have only recently reached the end of their resources, were jobless. In New York City 4,124 architects and draftsmen are registered with the Emergency Committee, and of this number 1,402 are entirely dependent on the committee for support. Probably the architects have been harder hit than any other professional class.

A more detailed and graphic survey has been made of railway workers, not the unemployed, but those who have enjoyed fairly steady incomes. Reduced wages, demotion, irregular employment—all served to upset the living standards of the 1,000 families studied. What happened to these workers, who undoubtedly represent the higher type of American labor? Of the 370 families that had homes, 44 had lost them during the depression; 56 families lost all their savings in bank failures; 128 retained part of their savings, while only 31 had their savings intact. Debt, meanwhile, increased and insurance was dropped or cashed in. During the period of the depression, the survey disclosed, this class of worker has by and large been compelled to forego ordinary amusements, to deprive itself of sufficient food, and to share what little its members did have with destitute friends and relatives. Since this report does not cover the period after October, 1933, answer may be immediately made that conditions, however bad last Fall, are now greatly improved. Possibly, but not enough to prevent the railway wage dispute.

Two months of negotiations brought at least a moral victory to the railway employes when, on April 26, the employers agreed to restore 2½ per cent of an existing 10 per cent pay reduction on July 1, a second 2½ per cent on Jan. 1, 1935, and the remaining 5 per cent on April 1, 1935. Originally the railway managers sought a basic rate reduction of 15 per cent. President Roosevelt then intervened and asked that the existing 10 per cent cut be retained until the end of the year. When the employes refused to accept either request, negotiations began which led ultimately to the settlement of April 26.

In the railway wage settlement, as in so many others, President Roosevelt tried to please both sides and to avoid drastic remedies. He gave the workers *something*; he gave the roads something. But the fundamental question, the status of the railways, remained unanswered. For example, A. F. Whitney, chairman of the Railway Labor Executives Association,

asserted on April 22: "The capitalized structure of the railroads, on which full interest payments are being demanded, has constantly enlarged. Through this extravagant 'watering' financial policy, the railroads are able to make the public believe that they operate at a deficit, when as a matter of fact they enjoy a substantial profit." Such criticism of the capital structure of the railroads, though not new, emphasizes again the need of thoroughgoing railroad reform. While President Roosevelt himself has warned the roads that they must reduce their fixed obligations, he has so far refused to sponsor measures that would compel the railways to act. Meanwhile, the existing Emergency Railroad Transportation Act has been extended until June 16, 1935. Before that date the railroad problem will have to be met.

In the motor industry, despite the President's settlement (see May CURRENT HISTORY, page 200), unrest continued. Higher wages and union recognition remained the goals for which the workers were striving. During April strikes occurred among tool and die makers organized in an independent union called the Mechanics Educational Society; later the workers in various plants of the Fisher Body Company walked out. By the end of the month a general strike of automobile workers loomed on the horizon unless the issue of union recognition could be settled. Thereupon the Automobile Labor Board stepped in and arranged a conference between representatives of the employes in the Fisher Body plants and officials of the Fisher Body Company and General Motors. At meetings on April 30 and the days following, a temporary solution was devised that accepted collective bargaining without recognizing any A. F. of L. union by name.

Behind these labor troubles are many factors, any one of which might suffice to cause a strike. The issue of collective bargaining has been referred to many times; it still remains undecided. Nor does it seem probable that the Wagner Bill now before Congress will end the debate, even if this bill creating a National Labor Board and approving independent unions should ultimately receive Congressional approval. Though collective bargaining in theory concerns only employers and employes, the problem becomes more complex if several unions are trying to speak for the workers. And rivalry between unions is no less common today than it was formerly.

Labor's fight for higher wages represents an attempt, however unconscious, to rebuild national purchasing power in order that American capitalism may live. Such a view is not accepted by business men generally, who instead have fought steadily all measures likely to raise their production costs. The Durable Goods Industries Committee, a committee appointed originally by General Johnson, warned the National Recovery Administration on April 29 that "any further general increase in wages at this time would retard and not encourage recovery"—at least in the heavy industries. Even more definite hostility to the NRA philosophy of higher wages was embodied in the refusal of Southern coal producers to accept the amendment to the Bituminous Coal Code which made the five-day week general for the industry and practically wiped out the wage differential between the Northern and Southern departments.

Southern producers denounced the NRA and all its works because of the action on wages. Southern industry, it was declared, was menaced by the possibility of wage differentials being removed from industrial codes. To en-

force their position, some operators closed their mines, contending that they could not operate on the higher wage scale. In those which tried to operate under the protection of a Federal writ restraining enforcement of the code scale, strikes quickly developed. Ultimately, strikes and lockouts kept 50,000 miners from the shafts.

Conferences between the operators, union representatives and members of the NRA resulted, on April 22, in a new wage scale for the soft-coal industry. Instead of the $4.60 daily rate fixed in the amendment of March 31, $3.80 was set for the Southern fields. The new figure, however, represented an advance of forty cents over the rate prevailing previously. The thirty-five-hour week continued to apply to the entire industry.

That this seemingly unnecessary wrangling between employer and employe was not without point has been shown in the recent reports on retail store sales. The dollar total of department store sales has shown a steady increase over last year, but physical volume is not so reassuring. Though the value of department store sales in March, 1934, was about 33 per cent above that of March, 1933, retail prices, according to the Fairchild Retail Price Index, were 29 per cent higher in March, 1934, than in March, 1933. Obviously, there has been little recovery here.

The failure of industrial wages to rise sufficiently to create adequate purchasing power has been paralleled by the failure of the farmer's real income to keep pace with the rising cost of the goods he buys. This situation was made clear recently when AAA officials announced that it might soon be necessary to increase the processing tax on a bushel of wheat from the existing 30 cents to 40 cents. Such action alone would achieve the parity price defined in the Agricultural Adjustment Act.

According to this act, the government is committed to a policy which guarantees the farmer that the price of his commodities will be at a level which will provide a purchasing power equivalent to that for the period 1909-1914. For wheat this price—the "parity" price—was determined last June at 91 cents a bushel. Since the average farm price for wheat was then 59 cents, approximate parity was obtained by imposing a processing tax of 30 cents. But by the middle of March, 1934, the parity price of wheat had risen to $1.06 as a result of higher prices for goods which the farmer must buy. Moreover, grain prices then were falling, and on March 19 reached an average of 60 cents a bushel. In other words, the wheat farmer seemed as far away from parity as ever; his purchasing power had stubbornly refused to rise.

Nevertheless, the income of the agricultural population has undeniably increased. The Bureau of Agricultural Economics estimated that the cash income of farmers totaled $1,312,000,000 for the first quarter of 1934, compared with $873,000,000 for the same period of 1933. Of this larger income, $97,000,000 came from benefit payments. Total benefit payments are expected to reach $1,095,005,010 before the end of 1934, excluding the sums paid for crop surpluses purchased for distribution among the unemployed. In addition, the farmer has received considerable aid through the Farm Credit Administration, which in the period from June 1, 1933, to March 31, 1934, loaned farmers $628,700,000, of which $559,400,000 was used to refinance farm indebtedness. Naturally the influx of these sums has brought a semblance of flush times to certain farming sections.

Eventually there must be an end to these tremendous outpourings of government funds which have given the farmer his temporary sense of prosperity. When that time comes, unless commodity prices have risen toward something like parity with the price of manufactured articles, there will be fresh trouble in the farm belt.

But government funds, long available for certain sorts of economic enterprise, are soon to be accessible for industry if bills now before Congress are enacted. The Senate Banking and Currency Committee on April 28 adopted Senator Glass's plan for extending the facilities of the Federal Reserve System to private industries. According to this bill, an industry will be able to secure long-term credit from the Federal Reserve Banks in instances where credit cannot be obtained from regular sources. Another bill before the committee would authorize the RFC to make loans direct to industry. Presumably any stimulus of this sort would not be without its effect on unemployment.

THE WORK OF CONGRESS

Congress during April enacted hardly any legislation of importance. The Stock Exchange Bill, about which there had been so much heated argument, at last reached the floor of Congress. Though passage of the bill seemed assured, the prospects for general amendment were so good that no description of the bill could remain accurate for more than a brief period. From the point of view of the public, the bill had grown stale and the strong words bandied about by its opponents and supporters no longer aroused popular indignation.

The reciprocal tariff bill, which would give the President power to negotiate foreign trade arrangements by Executive action, was the subject of prolonged Senate hearings during April. Members of the administration gave their approval to the bill and in a notable radio address, Henry L. Stimson, Secretary of State in the Hoover administration, urged that President Roosevelt be given the power he sought. In the Senate it was believed that enough votes would eventually be obtained to make the bill law.

When the Senate on April 13 adopted a revised version of the tax bill passed by the House, it approved measures which few men had hoped would be included in what had once been regarded as only a minor piece of tax legislation. The Senate bill provided for public inspection of income tax returns and for higher inheritance taxes, eliminated consolidated returns by corporations, and continued capital stock and excess profit taxes. When the bill was sent to conference a provision for a 10 per cent levy on each personal income tax return was struck out at the insistence of the House. According to estimates the tax bill should produce revenue amounting to about $417,000,000 a year, compared with the $258,000,000 that was expected from the original House bill.

Two bills, important but not indispensable, were removed from the Congressional docket during April. One of these, guaranteeing the principal and interest of the bonds of the Home Owners Loan Corporation, was signed by the President on April 28. The bill liberalized the terms of the law so as to permit advances for the rehabilitation and enlargement of homes, as well as for repairs and maintenance.

Of an entirely different nature was the Jones-Costigan Sugar Bill that was sent to the White House on April

25. Both beet and cane sugar thereby became basic commodities under the AAA; domestic production of cane sugar was fixed at 260,000 tons and of beet sugar at 1,500,000 tons, while the Secretary of Agriculture was given authority to determine the allotments for imported sugar. The prospect of reduced quotas brought immediate protests from the island dependencies, and from Puerto Rico a delegation was sent to Washington to plead the cause of Puerto Rican sugar before the authorities in the Department of Agriculture.

Two definite inflationary measures were discussed in Congress during April. The first, and less important, was the McLeod Bill which would provide for payment by the Federal Government of all depositors in closed national and Federal Reserve banks. If passed, such a bill, Secretary Morgenthau declared, would "establish the principle of guarantee by the United States of bank deposits, past, present and future." Since President Roosevelt has made known his opposition to this bill, there appeared little likelihood of its enactment.

The second measure for inflation grew out of the Dies Silver Purchase Bill, which passed the House on March 19. When this bill was reported to the Senate, on April 10, it provided for the nationalization of all domestic silver, authorized the Secretary of the Treasury to purchase silver bullion in the world market, purchases to be limited to not less than 50,000,000 ounces a month, and provided that the domestic silver purchased should be made the basis for silver certificates. Silver purchases would cease when commodity prices attained the level of 1926, or when silver reached $1.29 an ounce, placing it on a parity with gold. Since, in part, the measure sought to dispose of farm surpluses, the bill provided that the Export-Import Bank sell American agricultural products in foreign markets for silver at a price agreed upon by the bank and foreign buyers.

Sentiment for passage of the Dies Bill continued during April, although President Roosevelt had made it clear that at present he opposed silver legislation. Secretary Morgenthau, on April 24, published a list of holders of silver and silver futures. Supposedly, this revelation aimed to discredit the advocates of silver legislation by showing their close interest in the rise or fall in the price of silver, and, though Senator King of Utah called the investigation a "dud," it was noticeable that the movement for enactment of the Dies Bill did slacken.

Oil has long been one of the most troublesome of American industries. Since the beginning of the Roosevelt administration attempts have been made to reduce the overproduction that has characterized the entire petroleum industry. But the way of the Petroleum Administrative Board has not been easy. Secretary Ickes, Oil Administrator, has had to listen to the charges and countercharges of the small and large producers, to the complaints of consumers and the threats of labor. Meanwhile, gasoline supplies have continually exceeded the demand, although the Oil Code under the NIRA has somewhat improved conditions. To establish more permanent control of the industry, an administration bill was introduced in the Senate on April 30.

The Oil Administrator would be empowered by this bill to determine the demand, both foreign and domestic, for crude oil. Thereafter he would be required to establish quotas for its production and movement in commerce. Enforcement would be achieved through the use of certificates with-

out which any sale would be impossible. Secretary Ickes, urging passage of the bill, said: "Federal supervision jointly with the States will result in a unified and effective system of stabilizing production to keep it balanced with our national consumer demand so as to protect adequately our stocks of crude petroleum, which are so essential to our modern civilization, national welfare and national defense."

The tangled affairs of the air mail failed to be straightened out during April. President Roosevelt has asked Congress to authorize a commission to study and report a "broad policy covering all phases of aviation and the relationship of government thereto." The McKellar-Black bill, providing for carrying the air mail until a permanent policy can be worked out, was passed by the Senate on April 28, but the House, unable to agree, decided to devise a measure of its own. Meanwhile a committee, of which Newton D. Baker, former Secretary of War, was chairman, began investigating the efficiency of the Army Air Corps.

New bids for carrying the air mail were opened on April 20; eight came from old companies which had been reorganized. Perhaps the one surprising element in the bidding was the low prices asked, some lines bidding as low as 17½ cents a mile, although the Postoffice Department's limit was from 41 to 45 cents a mile. "As a result of the annulment of the air mail contracts," said Postmaster General Farley on April 28, "there will result a better and much more economical air mail service." Moreover, he continued: "When all the contracts are let, which will probably be within the next thirty days, there will be approximately 26,500 route miles in the air mail systems as compared with 25,248 before the contracts were annulled."

THE FEDERAL TREASURY

Despite the stupendous expenditures for all kinds of relief and recovery measures, the condition of the United States Treasury is better than had been expected. Government emergency expenditures, it was announced on April 23, have fallen far below estimates, so that the deficit for the present fiscal year may be about $4,000,000,000, instead of the $7,309,068,211 estimated in the President's budget message in January. Nevertheless, the public debt on April 30 totaled $26,118,280,752, compared with $21,441,209,176 a year earlier.

PHILIPPINE INDEPENDENCE

On May 1, the anniversary of the Battle of Manila Bay, the Philippine Legislature voted to accept the Tydings-McDuffie law, thus taking another step along the road to independence. The next move will be the election of delegates to a convention to devise a Constitution for the autonomous Philippine Commonwealth. From autonomy complete independence will emerge at the end of a ten-year period—that is, if the provisions of the Tydings-McDuffie law are adhered to. But ten years is a long time. International complications may hasten or postpone Philippine independence. And in the meantime, neither the Filipinos nor certain American interests—for wholly different reasons, to be sure—are pleased over the treatment accorded Philippine products, especially coconut oil, in the American market.

Canada's Improving Prospects

By J. BARTLET BREBNER
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IN Canada the annual parliamentary budget charts the political course for the ensuing year. E. N. Rhodes, the Dominion Minister of Finance, in presenting his financial record and proposals on April 18, made it obvious that no great change of direction was to be expected; indeed, by clinging to old policies he seriously disconcerted those who had been predicting that a general election was imminent. The tariff remained unchanged except for some modest concessions to meet British objections to the working of the Ottawa agreements. The main tax structure was not altered. Duties and excise on malt liquors were consolidated to reduce the burden, and the tax on sugar was cut from 2 cents to 1 cent a pound.

The one novel note was the proposed 10 per cent tax on gold produced in Canada, which was designed to raise $10,000,000 and offset the sugar reduction. This leaf from South Africa's book has long been a temptation to the government, for the depreciation of the Canadian dollar has meant enhancement in the price of gold in Canadian funds and large profits for the mines. The mining interests, relying upon the public welcome to their timely addition to Canadian productivity during depression, did not anticipate the new tax publicly until April 7, when the retiring president of the Canadian Institute of Mining and Metallurgy complained that the mining companies were already being taxed 32 per cent. Mr. Rhodes' subsequent announcement sent delegations hurrying to Ottawa in protest. On May 2 there was substituted a tax of 25 per cent on the profit derived from the difference between $20.67 an ounce and any price above $30, with exemptions for new and low-grade mines not paying dividends and for individual placer miners and prospectors. The exuberant mining stock market was only slightly and temporarily affected.

The state of the Dominion finances was a little better on the whole than in 1933 and much better for the last quarter. The yearly deficits in current and total accounts totaled about $135,000,000, as compared with $158,000,000. Since economies had been carried to the limit and debt conversion is impracticable before 1937, the government was content to carry on by borrowing at the present low rates of interest in the hope that world recovery would restore Canada's ability to pay her way.

Parliament debated at great length the Natural Products Marketing Bill (Canada's AAA) and the legislation to continue the unrestricted powers of the government to relieve unemployment. The Liberal Opposition expressed grave fears of the dictatorial menace in these measures and in some recent Provincial legislation which enlarged executive authority, but without noticeable effect. Criticism of the budget was largely of the conventional freer trade, balanced budget character.

The Liberals rejoiced, however, over their victory in an Ontario by-election where the big guns of both parties had been vigorously engaged. This seemed to indicate that their recent Provincial successes in Nova Scotia and British Columbia would be continued in the next three Provincial general elections, in Ontario, Saskatchewan and New Brunswick, and in the next Federal general election. The Liberals were also encouraged by internal difficulties in the Cooperative Commonwealth Federation, the new Socialist party which has been winning some of their former electoral support. Canadian Socialism is badly handicapped by the necessity for a Farmer-Labor alliance, as was witnessed by recent dissension in Ontario, where the farmers seemed to be trying to rid themselves of their more radical Labor allies.

Further investigation by the Stevens committee of business practices (see May CURRENT HISTORY, pages 210-11) has made some of the Provinces tighten up the administration of their labor legislation or even amend it. Yet labor has been restive. There have been strikes and agitation throughout the Dominion. The police were called upon with occasional unfortunate results, and in several localities May Day celebrations were prohibited.

Trade relations with Great Britain have continued to be uncertain because of doubts over the authority of the Canadian Tariff Board in interpreting the purport of the Ottawa agreements. The Supreme Court on April 24 and 25 heard the arguments on questions intended to define the authority of the board, but reserved decision. Meanwhile British commercial policy was puzzling. On the one hand, quotas were narrowing the market for some Canadian farm products; and on the other, increases in duties on foreign paper and paper products made Canada's free entry into the British market more valuable. Canadians eagerly followed President Roosevelt's attempt to secure tariff-bargaining powers for himself. A trade treaty with the United States for a certain term of years would be a great relief to Canada, for such groups as the fishermen have been in constant fear of having their products excluded as copper and lumber were in 1932.

Trade, industry and employment statistics for March were very gratifying. Exports were 57.6 per cent and imports 44.1 per cent above March, 1933. It now seems clear that Canada has captured some substantial former foreign markets of the United States, notably for lumber, grains and non-ferrous metals. Trade figures for the fiscal year ending March, 1934, illustrated the changing character of Canadian foreign trade. Canada increased her imports from the United Kingdom by 21.5 per cent and from the United States by 2.4 per cent. Her exports to the United Kingdom increased 23.5 per cent and to the United States 35.8 per cent.

Improvement continued in industry, employment and rail traffic. In most of the usual statistical categories Canada had recovered to a greater extent than the United States. The general economic index of comparison with 1926 stood at 91.3 in April. The wood-products industries were back at 1930 levels of production and nearly all branches of the mining industry were increasing both production and exports. Canadian gold was still going to New York instead of to London, so that the Canadian dollar was continuously above parity there. Employment has increased steadily since its small setback after Christmas and is at about the level of the last half of 1931. Car loadings were about 40 per

cent above 1933, and the port of Halifax handled an all-time record tonnage for March. Montreal, on the other hand, has been worried since the rejection of the St. Lawrence Waterways Treaty lest the new Welland Canal divert Lakes traffic to the New York State Barge Canal from the St. Lawrence.

The wheat situation has not improved except in relation to the world prices. Exports have been smaller than in 1933, but by keeping to world prices Canada has secured about 36 per cent of the world export trade, and the April crash in Chicago prices was only slightly reflected at Winnipeg. One encouraging sign has been that larger proportions of Canadian hard wheats have been needed in Europe to mix with the soft wheats which have glutted the markets there. In spite of the official optimism of the delegates to the World Wheat Conference as to raising the price of Manitobas by 5 or 10 cents a bushel, Canadians were not hopeful of success until acreage reduction or disaster should reduce the hitherto irreducible world carry-over.

Quebec has been increasingly uneasy about the movement to revise the distribution of powers in the Federal Constitution to facilitate the social legislation, marketing and price controls, industrial and financial regulation and crop restriction now under discussion. R. B. Bennett, the Dominion Prime Minister, announced on April 11 that for some purposes he favored an early revision of the Constitution.

The Cuban Turmoil

By CHARLES W. HACKETT
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PRESIDENT CARLOS MENDIETA, in the midst of his preoccupation with Cuba's economic and political unrest, had to deal with a serious Cabinet crisis early in April. This originated with the suicide on April 4 of Colonel Roberto Méndez Penate, Secretary of Justice, and a Presidential possibility before Mendieta took office. A leader in the movement for Cuban independence, and a former president of the National Union, Penate held an influential position in Cuban political life. In August, 1931, he was prominent in an abortive rebellion against the Machado régime. Upon its failure he was imprisoned, but arrangements for his release were soon made and he came to the United States. Enthusiastically welcomed back to Havana in the Fall of 1933, he was appointed Secretary of Justice on Feb. 12.

Penate's suicide was attributed by his friends to despair over Cuba's economic and political situation, to friction between him and President Mendieta, his lifelong friend and political ally, and, more particularly, to his disappointment when he was passed over as the President's choice for President of the Council of State, the position being conferred on Dr. Carlos Manuel de la Cruz.

The prediction was made by Penate before his death that the public would never accept the appointment of Dr. de la Cruz, who had been a Conserva-

tive Representative during the Machado régime. The prediction was well founded. A storm of protest, of island-wide proportions, arose. A faction of the ABC political organization stated openly that it woud not accept the appointment and even threatened to withdraw its support from the government. Three days after Penate's death three Cabinet Secretaries submitted their resignations to President Mendieta. That of Carlos Saladrigas, Secretary Without Portfolio, was the result of severe criticism of his support of the appointment of Dr. de la Cruz. The other resignations were those of Dr. Rodolfo Méndez Penate, Secretary of Labor, and Dr. Núñez Mesa, Secretary of the Interior. Finally, on April 15, Dr. de la Cruz yielded to public opinion and tendered his resignation to the President.

Several important reforms designed to quiet the disturbed political situation were written into the Cuban Constitution on April 12. They include provisions restricting the jurisdiction of military courts to military cases, even where constitutional guarantees are suspended, and permitting the confiscation of the property of persons found guilty of misappropriating public funds, especially during the period from May 20, 1925, to August 12, 1933, which coincided with Machado's Presidency.

Frequent disorders intensified the unrest in Cuba during April, grim reminders of conditions during the last months of the Machado régime. Three bomb explosions in Havana on March 29 caused damage to property, but no casualties. The Chief of Police of Havana barely escaped injury on March 30, when a hand grenade tossed from a speeding automobile exploded near him. The next day a former Machado policeman was wounded in a shooting affray in the lobby of the Cuban Telephone Company building, when he resisted arrest. A fire of undetermined origin on April 4 did damage estimated at nearly $500,000 to the plant of the Havana newspaper *El Pais*. The same day three other suspicious fires broke out simultaneously in different parts of the city. A bomb exploding in a manhole of the Cuban Telephone Company injured a policeman and two soldiers. The dynamiting of telephone manholes became a daily occurrence. To put an end to the bombing campaign that had been instituted by radical oppositionists, truckloads of soldiers patrolled the streets of the capital.

Yet acts of terrorism continued. A bomb explosion at a military post in Santiago on April 9 killed a private and a lieutenant and gravely wounded two other soldiers. Two casualties attended a demonstration of high school students in Havana on April 14. Other disturbances occurred on April 16, when students and workers protested against the imprisonment and harsh treatment of many students and workers by the military. Two days later a bomb explosion in the Central Post Office wounded two men and wrecked a section of the building. Two other acts of terrorism were reported on April 18. In Havana there was one casualty; in Cienfuegos one man was killed and four wounded. Six bombs exploded in Havana on April 21, killing one man, wounding three others and causing considerable damage to property. Two days later several students were wounded in Santa Clara when soldiers fired on a group which was demanding the removal of an unpopular military supervisor and other officials of Camaguey Province. A serious outbreak of bombing in Havana on April 27, attributed to racketeers, resulted in the death of one person and the injury of two others,

besides causing extensive damage to property.

A moratorium on the amortization payments on Cuba's foreign debts, to terminate whenever the annual national revenues may total $60,000,000, was signed by President Mendieta on April 10. Secretary of the Treasury Joaquín Martínez Sáenz predicted that the moratorium would not last more than two years, but some observers declared this view optimistic. The 1933-1934 Cuban budget was set at $44,242,000, but the revenue for the fiscal year ending on June 30 is not expected to exceed $30,000,000. The floating indebtedness of Cuba is approximately $60,000,000, including $14,000,000 in unpaid salaries of employes. The defaults on public works obligations since the ousting of the Machado régime are expected to reach $8,000,000 by June 30 of this year.

Four constructive measures to help Cuba were promised by Assistant Secretary of State Sumner Welles on March 29, as contributions of the United States to the political and economic recovery of the island. These measures were as follows: (1) A fair sugar quota for Cuba, "based upon her exports here over a recent three-year period"; (2) a new commercial treaty "which will stimulate trade between Cuba and the United States, and in which, in return for reciprocal concessions * * * we will give favorable consideration to an increased preferential on Cuban sugar"; (3) the stimulation," in every possible and proper manner," of the commerce between Cuba and the United States through the utilization of the resources of the newly organized Second Export-Import Bank; (4) the "negotiation of the modification of our Permanent Treaty with Cuba." With regard to the last point Mr. Welles expressed the hope that "these negotiations will result in the elimination once and for all of the right which we possess in the existing treaty to intervene in Cuba." He added: "The time has come when Cuba should stand on her own feet, when the Cuban people should solve their own destinies, and govern themselves as they see fit."

MEXICAN-AMERICAN CLAIMS

Two important agreements for the settlement of United States-Mexican claims, reported to total more than $1,000,000,000, were signed in Mexico City on April 24 on behalf of the two governments and the Mixed Claims Commission. The first of the agreements provides for a settlement *en bloc* by Mexico of claims that are classified as special, that is, claims of American citizens against Mexico which originated during the revolutionary period from 1910 to 1920. These are reported to amount to about $400,000,000, of which about one-half is in question because of duplication. The second agreement provides for the appointment by each nation of an "outstanding national jurist for examination and appraisal" within two years of the general claims of citizens of both countries. These claims include all those, except the special ones already mentioned, that have originated since the signing of the general claims convention by Mexico and the United States on July 4, 1868. The general claims of Americans against Mexico since that date amount to $450,000,000 and those of Mexicans against the United States in the same period to about $300,000,000.

These arrangements are to supersede those provided for in the conventions signed by the United States and Mexico in September, 1923, under

which general and special claims commissions were established.

CENTRAL AMERICAN PARLEY

The conference of Central American republics which convened in Guatemala City in mid-March was concluded on April 12. Little information is available concerning its accomplishments, because almost complete secrecy was reported to have been preserved in its deliberations, and because a strict censorship over the press prevails in all the participating countries except Costa Rica. The press of that country, however, indicated that Costa Rica would not sign a political pact, commercial treaties, or a customs union. The *Estrella de Panama,* in an editorial on April 8, stated that according to confidential information the conference was a failure. On the other hand, dispatches from El Salvador on April 11 reported that the treaty of amity proposed by President Ubico had been approved as well as a plan for holding similar conferences every four years.

THE MURDER OF SANDINO

A movement against what was termed the domination of the National Guard in Nicaragua was initiated in Mexico City on April 4 by Dr. Pedro José Zepeda, former representative of General Augusto C. Sandino, the late Nicaraguan rebel leader. He announced that he would lead a "peaceful campaign to restore the legal power in Nicaragua." He reiterated his earlier charges that General Somosa of the Guard was responsible for the murder of Sandino, and declared that General Somosa was holding President Sacasa as a virtual prisoner to prevent him from bringing Sandino's assassins to justice. This last allegation was called absurd by General Somosa on April 4; another government official said: "The purport of the Zepeda statement is fantastic; the government categorically denies it."

When it was reported in San José, Costa Rica, on April 8 that at the funeral services for General Sandino United States marines had insulted the flags of Nicaragua and other Latin-American countries, the flag of the United States was torn and stamped on in a demonstration led by Nicaraguans. The Costa Rican Government immediately deported the offenders.

President Sacasa announced on April 22 that since the death of General Sandino more than 500 of his followers had taken advantage of the general amnesty and that many of the late general's followers were returning to their homes and plantations. Two days later several Sandinista rebel leaders were reported to have been captured by the Nicaraguan National Guard.

THE HAITIAN OCCUPATION

The complete withdrawal of American official participation in the government of Haiti moved nearer to consummation at a conference between President Stenio Vincent and President Roosevelt in Washington on April 19. Marines who have occupied Haiti for nineteen years are to be withdrawn by the end of October and the fiscal control exercised by the United States may possibly be ended before that date. The two Executives discussed the possibility of a commercial agreement between the two countries, and also considered the nature of a new financial administration that would be satisfactory not only to both governments but to holders of the bonds of the 1922 loan as well.

New South American Constitutions

By HENRY GRATTAN DOYLE
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THAT the survey of South American affairs this month should emphasize national rather than international political conditions and economic rather than actual or potential military developments in that continent, is to be attributed not to fading interest in those factors, for they remain essential aspects of any accurate historical summary of the times, but rather to a desire to set up an equilibrium among the varying topics of importance.

The finishing touches have recently been given to the political reconstruction of Uruguay undertaken since the coup d'état of President Terra on March 31, 1933. In a plebiscite held on April 19, only 20,000 of the 260,000 voters registered disapproval of the new Constitution. This overwhelming victory assures a continuation of the Terra government and a Congress largely composed of adherents of the President.

Adoption of the new Constitution ended the unique political system which has prevailed for seventeen years. Adopted under the leadership of José Batlle, long a dominant figure in the political life of the country, the so-called divided-rule system provided for a division of the executive powers between the President and a National Administrative Council. Readers will recall that it was after violent differences with the Council that the President carried out his coup d'état in 1933. Originally an ally of the Batllistas, Dr. Terra broke away from them after his election and the Batlle group was one of those which abstained from voting in the plebiscite.

By the adoption of the new Constitution, Uruguay enters upon her third national venture. Her first Constitution, adopted in 1830, was modeled upon that of the United States; her second, which was put into effect in 1917, showed the influence of the Swiss political system; her new one is an adaptation of the French parliamentary plan—with important modifications.

The new Constitution provides for a President who will combine the functions exercised in France by the President and the Prime Minister, and for a Cabinet of nine members, which in a sense will take the place of the National Administrative Council, which is abolished. The Cabinet is to be appointed by the President from the two parties which together make up a majority in Parliament. The portfolios must be distributed among citizens who, "because they can count on the support of their respective parties in Parliament," are assured of permanence in office.

The membership of the Chamber of Deputies is reduced from 123 to 99 and the term increased from three to four years. Deputies will be elected by Provinces in proportion to population. The Senate, on the other hand, is increased from 19 to 30 members, with terms of four instead of six years, and will be elected at large by the

whole country, 15 Senators being elected from the party polling the largest vote and an equal number from the party polling the second largest vote. A Vice President is also provided for under the new system. As in the United States, he will preside over the Senate. Parliament cannot initiate revenue bills, which must originate in the Cabinet.

Among other interesting features of the new Constitution are general suffrage for both men and women, and compulsory voting, failure to vote being punished by a fine. Dual nationality is permitted, naturalized foreigners being allowed to retain their former citizenship and Uruguayans naturalized abroad to retain their Uruguayan citizenship.

The advanced social legislation for which Uruguay has long been famous is embodied in the new Constitution. This includes provisions for old-age pensions, workmen's accident compensation, minimum wages, protection of women and children in industry, socialized medicine, State care of mothers, and the eight-hour day and six-day week. The right to form unions and to strike is recognized.

Inclusion of these provisions, already codified in laws, in the Constitution is a striking illustration of the contrast in North American and Latin American constitutional theory. Actually, these differences go back to the mother countries, England and Spain, and are aptly illustrated in the relatively simple unwritten British Constitution and the complex new Spanish Constitution, with its 125 articles covering in detail many fields of political, social and economic life.

The advantage of a system based upon clearly understood principles, susceptible of extension to cover social and economic changes embodied in legislation, over one in which the minima and trivia of present-day legislation are embalmed, so to speak, is obvious. Need for change in what would be in Great Britain or the United States a legislative detail often involves in Latin America a constitutional amendment. Dissatisfaction with a single detail of a single article may be expressed by a demand for general constitutional revision. Respect for constitutional forms is thereby weakened, and constitutions soon lose their special character and come to be considered as mere legislation.

Returning to the new Uruguayan Constitution, we must not overlook the provisions in the new document regarding Ministerial responsibility, which apparently seek to effect a compromise which will give Cabinet responsiveness without the frequent overturns which may occur under the French parliamentary system. Reference has already been made to the requirement that Cabinet members be chosen from the two leading parties. Parliamentary censure of the Cabinet, under the provisions of the new Constitution, will apply to the members as individuals and will not necessarily involve resignation of the Cabinet. A vote of censure must be by action of the Senate and Chamber sitting as one body, and the proceedings must be open to the public. If one or more Cabinet members are censured by majority vote, the President may either ask for their resignations or demand another vote. For this second vote, a two-thirds majority is required, failing which the President may dissolve Parliament and call new elections. The new Parliament must vote on the same question within fifteen days after its convocation. If it sustains the censure by majority vote, both President and Cabinet must resign, the Parliament electing successors for their unexpired terms. It will be in-

teresting to observe whether this ingenious scheme proves to be workable.

BRAZIL'S CONSTITUENT ASSEMBLY

It was announced early in April that the Brazilian Constituent Assembly now in session at Rio de Janeiro would elect a constitutional President not earlier than May 12 and perhaps nine days later, the decision depending on the Assembly's ability to complete work on the new Constitution, which was in skeleton form on April 13.

The indications were that Provisional President Getulio Vargas would be overwhelmingly elected, delegates to the Assembly from fourteen States and the Federal District having signed a manifesto issued on April 20 in which the President's election was advocated. Representatives of civic and business interests also signed the manifesto, which appealed for the President's re-election in order to permit him to complete his program of social reform and economic recovery. Other State delegations were expected to sign the manifesto. Apparently only Sao Paulo was opposed. An amendment to the draft Constitution advocated by the Sao Paulo delegation, which would bar the Provisional President, members of his Cabinet, or Federal interventors from holding office in the new government, was reported on April 9 to have little chance of acceptance by the Assembly.

Several knotty problems face the Constituent Assembly, the most important of which is taxation. The new Constitution proposes to take out of the hands of the States the right they have previously enjoyed to levy taxes on their exports. Under this plan the national government would tax imports and exports, consumption of goods, incomes, transfers of funds and telegraph and postal fees. The States would tax transfers of real estate, sales and gasoline; and municipalities would derive their incomes from licenses to practice professions or trades, real estate, water and amusements. Opposition to these proposals is strong, inasmuch as State export taxes have existed in Brazil since colonial times and have constituted the main source of income of many States. Agricultural States particularly are said to object because farm land, the chief source of revenue under the new plan, is relatively cheap and will yield little in taxes. An article by Mario Guedes in the *Jornal do Brasil* points out that States like Matto Grosso and Goyaz, thinly settled, depend largely for income on export taxes on cattle, Parana on yerba maté (Paraguay tea), Bahia on cacao and tobacco, Amazonas on rubber and Brazil nuts, and Sao Paulo, the richest State, on coffee exports. A 20 per cent reduction in State export taxes was decreed in 1932, effective in 1933, but it has not been enforced.

Another subject which has led to warm discussion in the Assembly and much comment in the newspapers is the proposal for national woman suffrage. Women now enjoy the right of suffrage in a number of Brazilian States. All the old arguments have been advanced: woman's place is in the home, women were born to be subservient to men and to become mothers, women voters will blindly follow the lead of husbands and fathers, and so forth. Allied to this question is that of divorce, advocates of which wish to make the question a legislative rather than a constitutional matter.

On April 28 the president of the National Coffee Institute estimated that Brazil's 1934-35 coffee crop would be 8,000,000 bags, with a

carry-over of 2,000,000 bags. Over 27,000,000 bags have been destroyed under the price-raising program, and over 5,000,000 more bags will have been destroyed on June 30. Nearly 12,000,000 bags are in warehouses as security for a £20,000,000 coffee loan, nearly £9,000,000 of which is still unpaid. The National Coffee Institute has announced its assumption of exclusive control of the coffee distribution problem, canceling the privileges of State coffee institutes and ending plural efforts to deal with Brazil's most important export.

A recent report of the Brazilian Geological and Mineralogical Service indicates that deposits of iron ore in the State of Minas Geraes alone exceed the total deposits in the United States. According to this report, Brazil has 23 per cent of the world's potential supply, the United States 20 per cent, France 16 per cent, and Newfoundland 12 per cent. Because of transportation difficulties and lack of capital for development, however, Brazilian exports of pig iron are small.

UNREST IN ARGENTINA

The Argentine Government has released more than 100 political prisoners and permitted the resumption of fourteen suspended newspapers, it was reported from Buenos Aires on April 28. In his annual message on May 3, however, President Justo asked Congress to extend the "state of siege" declared when revolts broke out in four Provinces last December. Rumors of dissension in the Argentine Cabinet, with Foreign Minister Saavedra Lamas at loggerheads with Interior Minister Leopoldo Melo, were reported on April 10. The withdrawal of Argentina from the Pan American and Spanish Postal Unions seems to be the point at issue, the Foreign Minister opposing the move, which was sponsored by the Minister of the Interior. The Foreign Minister is understood also to have opposed Federal intervention in San Juan Province. Finance Minister Federico Pinedo has announced that his department will pay off more than 40,000,000 pesos (currently about $10,000,000) in overdue accounts of 14,000 governmental creditors, covering services and supplies furnished from 1927 to December, 1931, a period during which the chaotic conditions of the Irigoyen régime practically prevented all official business.

CHILE'S RECOVERY

President Arturo Alessandri of Chile has reconstituted his Cabinet, which resigned in a body on April 17, after three of the Ministers, members of the Radical party, had resigned in protest against the election to the Senate on April 8 of Colonel Marmaduque Grove, former member of the Davila-Grove revolutionary junta. Colonel Grove had returned to Chile under an amnesty. On April 14 the President refused to yield to a demand for withdrawal of the emergency powers granted him by Congress, saying they were necessary to keep down revolutionary activities and maintain order. The "Lion of Tarapaca," as the President is called, has a great hold on the common people, which he owes to his oratorical powers, his sincerity and the fact that he has always been sympathetic toward the underdog.

Since its accession to power in November, 1932, President Alessandri's administration has done much to improve Chile's economic situation. The budget has been balanced, unemployment cut nearly 50 per cent, and the value of the peso has risen. Agriculture has been stimulated, and wheat is being exported this year, whereas last year it was necessary to import this

staple. Commercial treaties with Peru, Colombia and Germany have been signed; others are being negotiated.

PROSPEROUS VENEZUELA

President Juan Vicente Gómez of Venezuela in his annual message to Congress on April 28 reported that the Treasury reserves on April 15 were in excess of 83,000,000 bolivars (currently about $25,000,000). Petroleum production had increased by 208,000 tons over the preceding year, and exports of petroleum showed an increase of 415,000 tons for the year, the total figures for production being 17,293,193 tons and for exportation 16,586,650 tons. Venezuela, it will be recalled, has no foreign debt. A great popular and military demonstration was held at Maracay, the residence of General Gómez, on April 12, to celebrate the dictator's recovery from a recent illness, during which reports were spread that his death was near at hand.

JAPANESE TRADE ADVANCE

According to a recent United States Department of Commerce survey, increases in Japanese exports to South American countries have ranged from 100 to 1,000 per cent, and are rapidly forcing out American and European products. Japanese exports to Latin America were valued at 18,000,000 yen in 1932, while in 1933 goods to the value of 46,600,000 yen (the yen is currently about 30 cents) were exported. Among the products are silk and cotton cloth, pottery, glassware, china, leather, rubber-soled and canvas shoes, electric light bulbs, fountain pens, celluloid products and toys of all kinds. While apparently inferior in quality to similar goods from other countries, the Japanese products, because of low labor costs, are so cheap that they can undersell and outsell all competitors.

The Japanese, in their intensive drive for South American trade, are reported to have enlisted banks, trading houses, shipping lines and Japanese residents abroad in a vast selling campaign. Reciprocal treatment has been extended to countries purchasing Japanese products. Argentine wool and Chilean nitrates and copper are among the raw materials that Japan is reported to have bought in considerable quantities. Japanese commercial missions visited Peru, Ecuador, Chile, Brazil and Argentina during January and February of the present year.

Large Japanese immigration into Brazil has given that country an estimated Japanese population of 150,000, mostly engaged in agriculture, with about 22,000 immigrants arriving in 1933. A quota of 27,100 has been fixed for 1934 by the Brazilian Government. In Chile a Japanese official announced in January that Japan was considering the lake region of Southern Chile as a potential sphere of Japanese colonization, declaring conditions there even more favorable than in Brazil for Japanese settlers. The rice fields of Southern Chile would thrive under Japanese management, according to this official, and the Japanese would also develop the fishing industry.

Trade pacts among the various South American countries and between South American and European countries—for instance, the commercial pact signed by Brazil and France on April 9—have further helped to reduce the trade of the United States in South America. In the circumstances the importance of the putting into effect by the United States of a policy of reciprocal commercial treaties and of developing greater tariff bargaining powers is rather obvious.

Britain Aids Her Farmers

By JOHN RAWDON

THE disposal of surplus agricultural products at remunerative prices is less perturbing to Major Elliot, the British Minister of Agriculture, than it is to the men holding similar positions in a number of other countries. This is because Britain exports little food and imports much, and is far from self-sufficing in this respect. Britain's exportable products are, with the exception of coal, chiefly manufactured and semi-manufactured commodities.

Though British farmers, like farmers everywhere, have suffered during the depression, new methods of organization and the restriction of imports have improved the position of agriculture in Great Britain more than in other countries. Major Elliot can encourage increased home production simply by reducing imported farm products under the new system of quotas and tariffs and thereby providing a home market. The results of this policy were very apparent in the countryside in the early Fall of last year. Any one who knows England well and who was traveling there at that time must have noticed that the tide of wheat, which had retreated to a very low ebb in the years after the war, was flowing back. Much grassland had been reclaimed, and even high in the hills small patches of grain were to be seen ripening in places where it seemed scarcely possible to drive a plow, and where reaping had to be done by hand.

The provisions of the act for the encouragement of wheat producers are extremely complicated, but in essence amount to a guaranteed price for the domestic product, combined with a restriction of imports. Other products have been dealt with in different ways, of which the chief are the "marketing schemes" covering bacon, pigs, milk, hops and potatoes, set up under the Agricultural Marketing Acts of 1931 and 1933.

Briefly, the method adopted is as follows: A scheme for the "more efficient production and marketing" of any agricultural product may be drawn up by representatives of the producers. If there are objections a public inquiry is held, and thereafter the Minister may lay the scheme with or without modifications before Parliament. If approved, it comes into full effect only after a majority of registered producers have voted in its favor. Marketing boards are set up to control and organize the sale of the various products in such a way as to bring in the greatest return to the producers and as far as possible to increase their efficiency. The domestic market is safeguarded for them by the quota system limiting imports, which is simultaneously used for purposes of bargaining in the making of reciprocal trade agreements. Other branches of agricultural production have received protection from external competition without submitting themselves to any organized scheme of marketing. Stock farmers, for example, have been assisted by the semi-voluntary agreement of overseas producers to limit their exports to Great

Britain in return for offsetting trade concessions.

From Major Elliot's own point of view, and from the point of view of most producers, these schemes have undoubtedly proved successful. Nevertheless, the considerable increase which occurred in milk production compelled the arbitrators to lower the price of milk within the past few months. This led to a debate in the House of Commons on April 9 in the course of which the marketing schemes system, and the Milk Marketing Board in particular, were submitted to some hostile criticism from both sides of the House. Various Conservative members representing agricultural areas were of the opinion that the higher price of milk could have been maintained if the government had excluded foreign milk products and thereby opened up a market for British milk. Liberal and Labor members argued, on the contrary, that the first consideration should be for the consumers and that if increased efficiency rather than protection was used to meet foreign competition, an enormous market could be found for low-priced domestic milk.

The government maintained that it was too soon to pass final judgment on any of the schemes. British agriculture could not survive, it was said, in the face of foreign competition without some assistance from tariffs, regulations and quotas, and as it was "the fixed policy of the government, whatever it may cost us, to maintain British agriculture," import restriction was clearly necessary.

So much, indeed, might be conceded by all parties in Great Britain, for even the traditionally free-trade Liberals would not wish to see British farming overwhelmed by the competition of cheap imports. But the Liberals and the Labor party agree in believing that the present import restrictions tend to encourage inefficient farming, and as a result the consumers suffer unduly from high prices.

Despite the measure of success which has been achieved from the producers' point of view, it is clear that Major Elliot's rather vaguely enunciated schemes for national planning will not be put into effect without opposition from consumers; and it must not be forgotten that in Great Britain consumers have shown in the past a great capacity for effective protest against any neglect of their interests. Other people, both inside and outside Great Britain, find Mr. Elliot's policies not altogether to their liking, and he has given occasional public recognition to this fact. On Jan. 28, for instance, at a dinner of the National Farmers Union, he reminded the farmers that if Great Britain did not accept imports she could not sell her exports, and that they must therefore not ask for too much.

A practical problem involving this aspect of agricultural policy seems likely to face the Minister in the near future. Already the proponents of empire free trade are attacking him because he is more concerned for the well-being of the farmers of the United Kingdom than for any improvement of inter-imperial relations that might be encouraged by the purchase of an increased amount of farm produce from the Dominions. The Dominions themselves are also beginning to issue warnings and protests against possible reductions in the United Kingdom preferences on their goods, or the application of the quota system to the further limitation of their exports. Prime Minister Lyons of Australia, speaking in Sydney on May 1, is reported to have taken a firm stand on this question. Argen-

tina, too, seems inclined to rebel against any further reduction of her quota of British meat imports, and may retaliate if British stockbreeders are given additional protection.

A POPULAR BUDGET

Neville Chamberlain, Chancellor of the Exchequer, had a pleasanter task in presenting his budget to the House of Commons on April 17 than has fallen to the lot of any holder of that office for a number of years. So far was he from being compelled to impose additional taxation on any one that he was able to make many concessions, thus contributing to the popularity of the present government. The House of Commons cheered for a full minute when he announced the restoration of the cuts made in unemployment insurance and transitional benefits in 1931, and was almost as pleased with the cut in the standard income tax rate from 5 shillings to 4 shillings and 6 pence on the pound, that is, from 25 to 22½ per cent.

The other important popular features of the speech were the restoration of one-half of the pay cuts suffered in December, 1931, by Ministers, members of Parliament, judges, civil servants, members of the defense force, police, teachers and so on, and the reduction of 25 per cent in the high annual license fees on motor cars. This latter proposal, though offered chiefly in the interest of the export trade, was no less welcome to car owners. The increase in unemployment benefits, which will take effect on July 1, will necessitate amendment of the pending unemployment bill. The pay cuts are to be restored on the same date. The reduction in the income tax, however, will affect only payments for the year ended March 31, 1934, which are due in January and July, 1935.

Some of Mr. Chamberlain's omissions probably attracted most attention. Chief among these was the decision on war debts and reparations, for which the Chancellor made no provision, either for payments or for receipts. Perhaps this was the merest common sense. Mr. Chamberlain could not properly budget for token payments, while on the other hand, in the absence of a new agreement for which the government has asked, it would have been unwise to resume payments on the old basis, quite apart from the unpopular effect which they would have in America by driving up the sterling value of the dollar. No offsetting except from Britain's own debtors is expected.

Those who have criticized Great Britain as a virtual defaulter have omitted to notice the pertinent fact that Mr. Chamberlain has made no provision in this budget for the redemption of internal debt, and that the abnormally low rate of interest on Treasury obligations has involved an enormous but obviously temporary saving. The new sinking fund—the appropriation for internal debt redemption —in normal years amounts to about £50,000,000 and the average total figure for debt service has stood recently at £355,000,000, or £131,000,000 more than the £224,000,000 provided in the present budget. Mr. Chamberlain was careful to warn the Commons that this state of affairs could not be expected to continue, and that a larger provision for the payment of interest would have to be made in future years.

MOSLEY'S BLACK SHIRTS

The enrolled strength of the British Union of Fascists is probably less than 20,000. Much of the impression made by their meetings arises from the presence of some hundreds of uni-

formed members of the party who apparently have leisure and money enough to travel from place to place in order to form an effective nucleus and a defense force for their leader. Naturally the manoeuvres of a black-shirted group with a semi-military organization attract attention. Moreover, the presence of several hundred robust young men with a serious view of their responsibilities does suffice to prevent disorder and heckling at the meetings.

But Sir Oswald Mosley's recent series of meetings are perhaps most significant for the monetary resources which his organization possesses. The cost of railway travel for his bodyguard alone must be heavy, and the incidental expenses considerable. There can be no doubt that in addition to his own fortune Sir Oswald has solid financial backing; and it is equally incontestable that he is gaining sympathizers and adherents in addition to the subscribing members of the union.

PROSPERITY IN SOUTH AFRICA

In South Africa, prosperity is returning. The great drought of 1933 has broken, and though many farmers will suffer from its effects for a long time to come, they will receive some relief from the provisions of the new budget. South African public finance during the past year showed an improvement which was probably unequaled in any other important country. The gross surplus of revenue over expenditure of £6,500,000 for 1933-34 amounted to 20 per cent of the annual expenditure. The goose responsible for this great golden egg was the Rand goldfield, which provided Finance Minister Havenga with £755,000 of increased mining revenue, a substantial portion of the £1,000,000 increase in income tax, and, indirectly, increased receipts in other categories.

After wiping out the accumulated deficit of almost £2,000,000, Mr. Havenga proposed to dispose of the remainder, and of the estimated surplus of £3,000,000 for the coming year, in various orthodox ways. The income tax exemption limit is to be raised from £300 to £400 a year; a 20 per cent rebate is to be given on ordinary income taxes; various onerous taxes, including all kinds of farm taxes and quit rents, are to be abolished; penny postage is to be restored, and telegrams are to be cheapened; tea, coffee and rice import duties are to be lowered, and £276,000 is to be added to export subsidies. Moreover, £78,000 is to be added to the Native Development account, leaving a net estimated surplus of £287,000 at the end of the fiscal year. The financial outlook in South Africa is undoubtedly rosy so long as the rest of the world continues to compete for the gold from its mines, but since nearly 50 per cent of the revenue in 1933 was drawn from the goldfields a change in monetary fashions might prove disastrous.

The South African State Railways also showed a surplus of over £1,000,000 during the last financial year.

With the return of better times have arisen proposals for constitutional change. These are embodied in a status bill which will modify some sections of the South Africa Act (the Constitution) in order to bring it into conformity with the Statute of Westminster. Though outwardly the changes appear to be of only the slightest importance, they have met with some opposition and much misrepresentation. The use of the title, "His Majesty, the King," except in the clause containing definitions, where the King is specifically referred to by his official title, has been said to indicate that the government is moving

toward a republic. Nothing could be more absurd, under present circumstances, than to suspect General Smuts and General Hertzog of this particular kind of lunacy.

As the bill defines South Africa as a "sovereign and independent State," its opponents have regarded this definition as a terrifying innovation. General Smuts, however, pointed out in his speech on the second reading on April 11 that equality of status between the Dominions and Great Britain has been clearly recognized. Since there is no doubt that Great Britain is a sovereign and independent State, he said, it followed that the Dominions occupied the same position. The power of the Governor General to dismiss Ministers is not clearly restated in the original bill, but it is understood that the government proposes to introduce an amendment which specifically reaffirms the section of the South Africa Act which instituted this power. Other amendments are expected to provide against the division of any of the Provinces except on the expressed wish of a majority of their inhabitants.

The only matter on which the bill seems to alter the established law is by limiting to "Union Nationals" the right of Parliamentary membership, hitherto nominally open to all British subjects. This does not appear unreasonable. The strongest argument against the bill is, indeed, that there is no immediate need for a "declaration of status." General Hertzog and General Smuts, the leaders of the present coalition government, and respectively of the Nationalist and South African parties, wish, apparently, to have the question settled in order that their scheme for complete fusion of political parties may not be interrupted.

The proposal for fusion is the most important current political development in the Union. If it is successful it may finally set at rest the racial rivalry between Afrikanders and British South Africans which has been one of the permanent problems of the Union. Since the general election of 1933, the coalition has worked successfully and has succeeded in pushing forward its legislative program. The only politicians of any influence in opposition are Dr. Malan, leader of the Cape Nationalists, and Tielmann Roos of the Transvaal, who was largely responsible for the downfall of the Hertzog government. Dr. Malan has campaigned vigorously against fusion, on the ground that General Hertzog and Mr. Havenga, Minister of Finance, had, in joining General Smuts, betrayed their Boer traditions.

In order to avoid a new outburst of racial antagonism and to maintain his hold on the Dutch Nationalists, General Hertzog has recently patched up a truce with Dr. Malan. Nevertheless, the letters which they exchanged seem to have failed to clarify the issue. Dr. Malan reiterated so frequently, and in their most categorical form, the old Nationalist slogans of the right to secede from the empire and to advocate a republic that it is doubtful whether all the members of the present South African party will consent to remain in the fusion if Dr. Malan joins. He has, moreover, publicly insisted that his agreement with General Hertzog is a victory for his point of view, and that the fusion movement, except on a nationalistic basis, is dead. This is denied by both General Hertzog and General Smuts, who declare that they are quite unhampered by any commitments, and that the fusion will be on the same general basis as the coalition.

France Under Doumergue Regime

By GILBERT CHINARD
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PROCEEDING cautiously, but with a firmness of purpose evidently appreciated by the majority of the French nation, Premier Doumergue and his National Union Cabinet succeeded in April in putting important parts of their program of reconstruction into effect. The first drastic decrees in a series by which the Cabinet hopes to balance the budget and restore public finance to a sound condition were signed by President Lebrun on April 4. Their effect was to take 85,700 persons off the public payroll and to reduce all salaries, with an estimated saving of 2,800,000,000 francs (about $190,520,000 at current rates). The President proposed that his own salary be reduced 20 per cent; the Cabinet members accepted a reduction of 15 per cent; salaries over 100,000 francs were reduced 10 per cent and below 100,000 francs 5 per cent. The last provision affects the salaries of about 450,000 persons who receive less than 12,000 francs a year (about $790) and who heretofore had persistently refused to accept any reduction.

In a letter to President Lebrun made public on April 5, Premier Doumergue emphasized the necessity of these measures. He wrote: "If the Parliament at the demand of the nation had not granted exceptional powers to the Cabinet * * * the State would be forced to close up shop and there would have been a suspension of all payments and a default upon all commitments." Before announcing the reductions Premier Doumergue informed representatives of the public employes that there was no alternative, and that failure to make these economies would result in such a Treasury situation that salaries could not be met at all. Sporadic demonstrations against the decrees took place in several cities on April 7, but there was no systematic agitation. The National Council of Civil Employes protested vehemently, but did not go so far as to vote an immediate general strike of the public services. An attempt to suspend the telegraph service in Paris resulted in the arrest and dismissal of several of the employes' leaders.

Premier Doumergue next turned his attention to the pensions system which has cost the government nearly 5,000,000,000 francs a year. A general reduction of all pensions, except those of entirely disabled veterans, will amount to 1,250,000,000 francs. While agreeing to most of the sacrifices demanded by the government, the National Council of War Veterans declared that unless profound economic and constitutional reforms were undertaken the veterans would impose their own program. The council also insisted that the reductions should be for one year only and that they should not take effect until July 1. The government refused to accept these conditions and it was reported that M. Doumergue had again threatened to resign if the decrees were not carried out as originally planned and

unless they went into effect immediately.

Thus the issue was joined between the government and the different groups of malcontents. On April 15, tens of thousands of government employes paraded throughout the provinces and went on strike for two days in protest against the pay cuts. In Paris, April 16 had been chosen as "national protest day," but a general strike failed to materialize. A mild riot occurred near the Hôtel de Ville, when members of the Teachers' Union attempted a demonstration and nine arrests were made. As usual the chief centre of protest was the central telegraph office, but there was a total lack of violence everywhere.

Far more serious were the demonstrations on April 20. At the call of Communist and Socialist organizations 6,000 workers attempted to gather around the Hôtel de Ville and nearly 1,000 arrests were made. It was the first street riot that René Langeron, the new Prefect of Police, had to deal with. The rioters failed to reach their objective, but the government and the police were seriously concerned and regarded the gathering as a test of the workers' strength with a view to more serious demonstrations on May Day. On the next day, Premier Doumergue issued a warning over a nation-wide radio hook-up that his government would, if necessary, use force to oppose public demonstrations of civil servants against the proposed economies. He again appealed for political unity and declared that the government would assert its authority, "for without authority anarchy is near, and anarchy leads to civil war, and civil war to foreign war."

The effect of this simple talk in which the Premier appeared not as a dictator but as a teacher scolding unruly children remained doubtful in view of the continuous invitation to violence which appeared in the Communist press. Fears were entertained lest serious disorders should occur on May Day. Rumors were circulated that large quantities of pistols and even machine guns were being smuggled into France, although raids by the police failed to locate any arms. The situation was rendered more disquieting by declarations of leaders of the Extreme Right and of the Communists that they considered it advisable to arm in self-defense. The Communists and Socialists continued to maintain that only through their efforts and protests could a Fascist *coup d'état* be avoided. On the other hand, Vice Admiral Schwerer, president of the Action Française, and Maurice Pujo, leader of the Camelots du Roi and editor of the newspaper, *Action Française,* both admitted before the Parliamentary commission of investigation that their members had been advised to provide themselves with firearms.

The gravity of the situation was indicated by the fighting and rioting which took place after the important by-election at Mantes on April 29. This election had been forced by the resignation of Gaston Bergery, an independent Left Deputy, but a strong supporter of the Daladier Cabinet, who had decided to give his constituents a chance to express their approval or disapproval of the tactics of the Radical party. The first vote on April 22 failed to result in an election. On the second ballot, M. Bergery was opposed only by Roger Sarret, the National Union candidate, who won by the close vote of 8,732 to 8,499. Street fighting broke out as soon as the result was announced. The Mayor of a neighboring city and a priest were attacked, and order was

not re-established until a strong detachment of the Garde Mobile arrived on the scene.

In the circumstances M. Doumergue felt justified in taking every precaution to prevent troubles in Paris on the dreaded first of May. In order to impress the populace with the strength of the government two military parades were held in the city on April 29; all government buildings were guarded by the army, thus leaving the police free to cope with the prospective rioters. Units of the Garde Mobile were also called in from the provinces.

When May Day arrived, the main demonstration of the Communists took place in the Forest of Vincennes, almost seven miles from the Paris city line, and was comparatively orderly. In the evening, however, more serious trouble suddenly broke out in Paris, when a small group of Communists entrenched themselves in an alley on the left bank of the Seine. From behind a barricade they opened fire on and hurled missiles at the police. The police withheld their fire, however, and simply maintained an iron ring around the district. At dawn the barricade, practically abandoned by its defenders, was taken by storm and ten Communists were arrested. Because of the tactics employed only four policemen were wounded. Thus for the time being at least order was restored and a repetition of the fatal clashes of Feb. 6 avoided.

Although the more orderly elements of the French people are making an evident effort to maintain their self-control, the existence of a spirit of unrest cannot be denied. April brought the customary crop of minor scandals, suicides and sensational incidents which tend to keep the public restless. Enso de Bonza, the son of an Italian general, and the divorced son-in-law of Mme. Doumergue, shot himself in Premier Doumergue's apartment. He suffered from neurasthenia and his act was attributed to despondency and failure to effect a reconciliation with his former wife. Henri Rochette, notorious speculator and swindler, whose activities before the war created as great a scandal as the Stavisky case, cut his throat in the court room on hearing that his appeal from a two-year sentence in jail had been denied.

French opinion is very much irritated by the apparent failure of the police and the parliamentary commission of investigation to find the culprits in the Stavisky case. Four men were arrested on suspicion of having murdered Judge Albert Prince, an important witness in the case; three of them were connected with the Marseilles underworld, while the other was a member of an old and aristocratic family of Monaco. After an inquiry which lasted more than three weeks they were finally released on April 21. The inability of the authorities to connect these men with the assassination again aroused public sentiment against the police and particularly against Inspector Bonny, who, although in charge of the investigation, is accused by many newspapers of having had suspicious connections with Stavisky.

More fuel was added to the fire when a 10,000-word memoir, written in behalf of Judge Prince's widow, was given to the press to refute all theories that the judge had committed suicide. The memoir detailed quarrels between Judge Prince and former Attorney General George Pressard, brother-in-law of former Premier Chautemps, who had previously appeared before the commission to answer charges of gross negligence in

permitting Stavisky to escape justice for many years. On April 10 Theodore Lescouvé, First President of the Court of Cassation, the highest judicial officer in France, declared before the commission that Judge Prince had signed his death warrant by revealing his knowledge of the handling of the Stavisky case. Judge Lescouvé stated several times that he was not accusing Pressard of any part in the murder, but was merely "drawing logical conclusions between what Judge Prince had said and his death." Earlier in his testimony Judge Lescouvé declared that he had found the Stavisky dossier in "indescribable disorder," with 700 or 800 pieces missing, including all papers relating to Mme. Stavisky.

Pro-Pressard and pro-Prince clans are now forming and the country is coming to disbelieve any one connected with the police and the public authorities. Although the government does not appear to be doing much in the matter and probably cannot do much at present, there is little doubt that its future depends to a certain extent on solving the Prince mystery and on its reforming the judiciary and the police administration.

Two important reforms in the French Constitution have been approved by the parliamentary commission appointed to consider this subject. The first is that the President shall have the power to dissolve the Chamber of Deputies without the approval of the Senate, though no dissolution is to be ordered until the Chamber has been in session for at least three months. The second is that all initiative in financial matters shall be reserved to the government. These two measures, which would bring the French Constitution nearer to the British system of government, were advocated last year in a series of articles by André Tardieu and are known to have the approval of Premier Doumergue. They would considerably strengthen the Executive, whose weakness under the present Constitution is considered responsible for recent chaotic conditions.

As a result of the government's firm attitude on currency the gold reserve of the Bank of France showed an appreciable increase during April. Amounting to 74,365,000,000 francs on March 29, it rose to 75,129,000,000 francs on April 26. The gold cover ratio likewise improved, and it is expected that a considerable amount of hoarded gold will be returned to the bank if confidence in the national credit continues to increase. This confidence has already resulted in a rise in government bonds. The 3 per cent perpetuals moved from 64 early in February to 73.65 on April 20; the 4½ per cents of 1932 rose from 78.70 to 86. Reviewing the situation on April 22, Minister of Finance Germain-Martin asserted that the franc had been saved from depreciation, and that the Treasury, which had for nearly two months been in a precarious condition, was able to obtain resources which made monetary manipulation unnecessary. Investors were reminded, however, that in the future the government expected to borrow at a much lower rate of interest than the present 6 per cent and that a reduction in the interest rate would lead to lower taxes and lower railroad rates. These, in turn, would help to reduce the cost of living and make possible an adjustment of French prices with those in America and Great Britain. Such an adjustment, M. Germain-Martin declared, was "indispensable to a revival of international trade."

Foreign trade figures for March showed imports valued at 2,291,000,000 francs, compared with 2,063,000,-

000 in February, and 2,613,000,000 in March, 1933. Exports amounted to 1,488,000,000 francs, as against 1,512,-000,000 in February and 1,520,000,000 in March, 1933. The unfavorable balance of 802,000,000 francs is the largest in the last nine months. The liquor trade with the United States has proved somewhat disappointing, particularly for the French wine growers. While nearly $6,000,000 worth of alcoholic liquors were shipped to the United States during the first quarter of 1934, still wines were much less in demand than was anticipated. French merchants complain that the American duties on sparkling wines are an almost insuperable obstacle to their exportation.

FRENCH COLONIAL PROBLEMS

Minister of Colonies Pierre Laval has announced that he is preparing to call a French Colonial conference similar to the British Imperial Economic Conference which was held at Ottawa in 1932. Its object will be the establishment of "a planned economy" for the colonies, in order to avoid the commercial competition that at present exists between them.

There is ample evidence that the economic and financial situation of the French colonies and protectorates is serious. The new Tunisian budget, for example, is full of economies, including drastic cuts in the salaries of the 12,000 civil servants, the cessation of work on the railroad station at Tunis and the reduction of credits for the modernization of roads. Though the 1934 budget has thus been reduced to 592,000,000 francs, as against 622,000,000 in 1933, it is still out of balance, because it is estimated that revenues will amount to only 584,200,700 francs. A protest of the public servants to the General Council was vehemently denounced by Resident General Peyrouton, who pointed out that the Moroccan budget had been similarly curtailed by Governor General Ponsot.

BELGIUM'S BLUE SHIRTS

During the last three months a nationalistic organization called the Blue Shirts has arisen in Belgium, sections having been established in twenty-five districts. It is reported that the Blue Shirts engage in semi-military training. Students and unemployed have been recruited and housed. The police took special precautions to prevent threatened attacks on the new organization by the Communists, but clashes nevertheless occurred at the beginning of April. Rioting began when the Blue Shirts opened their national headquarters in Brussels on April 9. One Communist was stabbed to death and at least ten others were wounded, while fifteen Blue Shirts were seriously hurt.

The new regulations governing the liquor trade are so severe that a regular rum row has come into existence along the Belgian Coast. Imitating the methods of the American gangsters and even taking their names, the smugglers act in concert with fishermen and extend their operations as far as Finland. A commission appointed to review Belgium's "blue laws" has already decided to modify the present regulations and to liberalize the licensing system before the annual tourist season begins.

A Charter for the German Workers

By SIDNEY B. FAY
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MAY DAY, celebrated in Germany this year as a monster Nazi fête, was marked by the promulgation of the new Law for the Organization of Labor, which was decreed on Jan. 12, 1934.

All during April preparations were afoot for the greatest day of parading and national rejoicing which Nazi Germany has yet seen. On the first of May garlands and flags were everywhere. Labor delegations poured into the capital from all parts of the Reich by train, by bus, by auto truck and by airplane until it was estimated that 2,000,000 people were in the marching columns.

At the Tempelhofer Feld a vast sea of humanity was massed in orderly fashion to hear Chancellor Hitler. As the Chancellor spoke he exerted his usual magic spell over the millions before him as well as over the other millions assembed in their homes throughout the Reich. The speech contained many familiar slogans and formulas, but it also touched upon a new desire for reconciliation.

The new Law for the Organization of Labor aims at gathering together the piecemeal labor measures already adopted and at giving complete effect to Nazi principles in a comprehensive and detailed scheme. In order to end the Marxist doctrine of class warfare and the endless conflict between labor and capital, the former Socialist trade unions were suppressed early in the Nazi revolution, and all workers were coordinated, so far as possible, in a vast new labor organization known a the German Labor Front. But this wa primarily an educational organization intended to indoctrinate the worke with Nazi principles rather than t safeguard his material interest against his employer, as the old trad unions had done.

With the German Labor Front ther was also established an elaborate work ers' recreation organization calle Strength Through Joy. Under its aus pices workers were advised how t spend their leisure time most pleas antly and profitably, annual two-wee vacation trips at full pay were ar ranged, and thousands of worker were taken to the mountains or fo short cruises at sea.

To care for the workers' wages an working conditions, the Nazis estab lished, on May 19, 1933, thirteen Trus tees of Labor for thirteen geographi cal areas. Backed with the authorit of the Nazi Government, these Trus tees had the right to fix wage scale on a fair basis, to prevent large-scal dismissals of employes, and to enforc existing contracts on both the capita ist and the worker. Obviously, thei task was an almost superhuman one.

The fundamental notion in the ne law is the complete rejection of th idea current in capitalist countries c the *conflict* between capital and labo Belief in the solidarity of capital an labor is substituted. In place of "clas warfare" are the Nazi principles c "the common good before the ind vidual good," mutual confidence an

respect, and the principle of leadership with its corresponding obligation of a deep sense of responsibility on the part of the leader for the welfare of the led. What is the ingenious new machinery which is to bring about this mutual solidarity and harmony?

Private property and private initiative are still preserved as in any capitalistic system. But the owner or manager of a factory or business now becomes the Leader and is to be responsible not only for carrying on his business as efficiently as possible but also for the welfare and interests of his workers—the Followers. They in turn are to have confidence in him and to assist him in every possible way by giving advice, reporting reasonable complaints and by general cooperation.

To secure this solidarity of interests of the capitalist-Leader and the worker-Followers, a Confidential Council is set up in every business with at least twenty workers, resembling, in some respects, the shop councils of other countries, except that the members are not chosen exclusively by, and for, the workers. The method of selection is intended to protect adequately the views of the employer-Leader, the worker-Followers and the National Socialist party. Accordingly, the Leader of the factory or business, acting in consultation with the chief Nazi cellman among his workers, draws up a list of candidates for the Confidential Council, which varies in size with the number of employes. He also draws up similarly a list of alternates or substitutes who may be called upon, under certain circumstances, to replace the regular councilors. The list of candidates is then submitted to the worker-Followers. They may reject any individual candidate or even the whole list. In case no satisfactory election can be made the workers can then appeal to the Trustee of Labor to appoint the members.

The Confidential Council serves as spokesmen for the wishes and interests of the employes; it advises the Leader upon possible measures for improving the efficiency of the business; it protests undue cuts in wages or dismissals of men; and, if friendly adjustment with the Leader is impossible, the council can appeal to the Trustee of Labor. He has full authority to step in and to settle the matter. He has even power to oust the employer from his business, if he is too inefficient and too inconsiderate of the welfare of his employes. In several cases the Trustee has already exercised this power of ousting an employer.

To aid the Trustee of Labor in his difficult and multifarious duties, the new law provides for the creation of advisory councils of experts. The Trustee of Labor indicates the industries or businesses which he considers most important in the geographical area under his authority and from which he would like the assistance of experts. The German Labor Front then nominates five employers and five employes from each of these industries or businesses. From the total group of nominees the Trustee of Labor selects three-quarters of the names, always preserving an equal proportion between capital and labor. These Advisory Councils of Experts are to aid and advise the Trustee in all sorts of technical questions, especially wage-scales. Though normally he will accept their advice, he is not compelled to do so, for he alone is responsible for the ultimate settlement of all economic problems in his area.

Along with these new principles of social solidarity and mutual welfare in business and industry, the law seeks to build up a new code of economic

ethics. For this purpose Economic Courts of Honor are created to try any employer or worker who violates the new social ethics. The penalties which these courts may impose have teeth in them. Appeals may be taken from the regional courts to a central Supreme Economic Court of Honor.

One cannot foresee how all this new machinery will turn out. At first sight it might look as though the worker were being delivered over hand and foot to the employer, and no doubt in the rise of National Socialism there was close cooperation between the Nazis and big business. On the other hand, there is undoubtedly a powerful leaven of idealism in the Nazi program, and it may be that the great majority of employer-Leaders will respond to it and rise to their new responsibilities. Furthermore, it must not be forgotten that an important wing of the National Socialist party is vitally interested in the socialistic part of the Nazi program and will be heard from if it is not adequately heeded. It is the National Socialist party and the Labor Front that give the sanction of power to the Nazi State. Much will depend on the character and ability of the all-powerful Trustees of Labor. If the Reich Minister of Economics selects really able Trustees, who are genuinely as solicitous for the interests of the workingmen as for those of the employers and their stockholders, the new Law for the Organization of Labor has a good chance of success and will prove an interesting effort toward solving the world problem of capital and labor.

It may be added that the new law does not apply to "cultural" or agricultural activities. The former, comprising newspapers, films, theatres, art, music and the like, are separately organized and provided for as a corporate estate under the charge of the Minister for Propaganda, Dr. Goebbels. Agriculture is similarly organized separately as a corporate estate

THE RELIGIOUS STRUGGLE

The Nazi Reich Bishop, Dr. Mueller sought to restore unity and harmony to German Protestantism by an olive branch announcement on April 14 He abrogated his decree of Jan. 4 by which he attempted to set himself up as dictator of the German Evangelical Church, and proclaimed a limited amnesty for the opposition pastors whom he had suspended. He had already insisted that in its external organization the church must be built upon the principle of unity according to Nazi views, while being left free internally to decide matters of doctrine and faith. But this seeming retreat on the part of the Reich Bishop did not satisfy Dr. Niemoeller and his opposition followers, who continued their attitude of defiance.

Roman Catholic prelates also continued their fearless criticism of Nazi efforts to coordinate the Catholic youth organizations with the Hitler youth. An issue of a Catholic paper which published a letter from Cardinal Faulhaber of Munich on this subject was promptly suppressed. The *Koelnische Volkszeitung,* the leading Catholic daily newspaper in the Rhineland and one of the most influential Catholic journals in Germany, was suppressed on April 28 for ten days by a Nazi order. Its offense was said to be a typographical error, corrected in later editions, which substituted a question mark for an exclamation mark in President von Hindenburg's message of congratulation to Chancellor Hitler on the latter's birthday

GERMAN ECONOMIC CONDITIONS

German unemployment during March was further reduced by half a million

to the new low figure of 2,799,000, as compared with 6,000,000 when Herr Hitler took office. These figures, of course, are subject to the explanation which was given in May CURRENT HISTORY (page 229) to show that the improvement is not so substantial as it might appear to be from the official figures.

In contrast to the unfavorable trade balance in January and February, there was a small excess of exports—about 3,000,000 marks—over imports during March. The change was due more to the restriction of imports than to an increase of exports, and was not large enough to make it likely that Germany would be in a position to meet the interest on her foreign debt.

Representatives of seven foreign countries met in Berlin on April 27 to discuss with Dr. Schacht, the president of the Reichsbank, this question of the interest on the foreign debt. He was inclined to agree, under pressure, that Germany could continue to meet the interest on the bonds issued under the Dawes Plan and the Young Plan, a concession which made it possible for Leon Fraser, president of the Bank for International Settlements, to accept the chairmanship of the conference. As to the other debts, Dr. Schacht insisted that Germany could pay interest only if she were allowed to increase her exports by a reduction of such handicaps as the boycott agitation, high tariffs and devaluated currencies.

NEW AUSTRIAN CONSTITUTION

To avoid the reproach that the new Austrian Constitution is an illegal and dictated one, the Dollfuss government summoned the Austrian rump Parliament on April 30 to give it the stamp of approval. Parliament, which had been virtually excluded from functioning for more than a year, comprised only slightly more than half of the original members. The seventy-two Socialists, chosen by 41 per cent of Austria's electorate at the last Parliamentary election, were absent—in prison or in exile. The Pan-Germans threatened to stay away to demonstrate their disapproval of what they regard as Chancellor Dollfuss's surrender to Italy. The Farmers' party sulked because it wanted the release of its friends, the Nazis, from the Austrian concentration camps. This left a safe—in fact an overwhelming—majority for Dr. Dollfuss's own Christian Socialist supporters.

When the rump Parliament met, Ernst Haempel, one of the two Pan-Germans who consented to attend, immediately rose to protest that the session was unconstitutional and to assert that the only legal procedure would be the dissolution of Parliament and a new election. His protest was overruled by the presiding officer, and the Austrian press was forbidden to publish it. Without opportunity for debate, the rump Parliament then approved the new Constitution and 470 other laws decreed by Chancellor Dollfuss since March 8, 1933.

The new Austrian Constitution establishes what might be called an authoritarian State, if not exactly a dictatorship. The powers of the President and the Chancellor are considerably extended, and the representative democratic Legislature is wholly eliminated.

The preamble to the Constitution, which makes Austria a corporative "Federal State" instead of the democratic "Republic" set up after the war, reads: "In the name of Almighty God from whom all laws emanate, the Austrian people have given this Con-

stitution for a Christian German Federal State on a corporative basis." There had been discussion whether the new Constitution should not be sanctioned and put into effect by a plebiscite, and this would seem to be suggested by the phrase, "the Austrian people," in the preamble. But it was decided that the safer way would be by a vote of the old rump Parliament.

The division of Austria into provinces, where local feeling is strong, is retained, so that the name "Federal State" is appropriate enough. But it is quite possible that the large powers of the President and Chancellor will tend toward the curtailment of local autonomy. There is, of course, a unified currency, a single economic and customs area; German is the official State language, though this is not to affect the rights of the language minorities. The Austrian flag is red-white-red, and the coat of arms the old Habsburg double-headed eagle.

A long series of articles guarantees civil rights and personal freedom, as in the Constitution of 1867, but these are hedged by the possibility of future restrictive legislation. Thus, Article 16 provides that "all citizens are equal before the law," except "when practical considerations justify" their not being so treated. "Women have the same rights and duties as men, in so far as the laws do not decree otherwise." By Article 19, "personal freedom is guaranteed. The reservation or abolition of such personal freedom can be effected only by law." Under Article 26, "every citizen has a right to express his opinion by word of mouth, writing or picture or any other manner, within the limits fixed by law. Laws may decree a preliminary censorship of the press, theatre, radio, cinema and similar representations." Freedom of worship and belief seem adequately safeguarded. The Concordat signed with the Pope on June 5, 1933, is to have the force of constitutional law in Austria.

Legislation will be carried out by the Federal Chamber after the draft laws have been considered by four advisory councils, which are empowered to make reports requested of them by the government.

The Council of State, numbering not less than forty nor more than fifty, is appointed by the President, with the approval of the Chancellor, from "worthy citizens of high character, from whom, by virtue of their former conduct and activities, a comprehension of the needs and tasks of the State can be expected." The members of the council serve for ten years, and may be reappointed.

The Federal Economic Council consists of seventy to eighty members delegated by the corporative estates of Austria. The chief corporative estates which are to supply members are: agriculture and forestry, industry and mines, trade and commerce, money, credit and insurance, the learned professions and the public services. The allotment of members of the council will be in proportion to the number of members in the chief corporative estates, with a minimum of three members from each of the chief groups. To be eligible, persons must have completed their twenty-sixth year; further regulatory laws will "insure that they are patriotic members."

The Federal Cultural Council, consisting of thirty to forty members, will be composed of representatives of legally recognized churches and religious bodies, sciences and arts. Completion of the twenty-sixth year and proper patriotism are also required, as in the case of the preceding council.

The Council of Provinces will be

made up of the Governor and financial representative sent from each of the provinces, Vienna being represented by its Mayor and financial head.

These four councils will meet as a single body, or Federal Assembly, for the election of a Federal President, for decision on a declaration of war, and to carry out the further advisory duties fixed by the Constitution.

The Legislature—if such a designation may be used for a body which has no power of debate—is the Federal Chamber. This is composed of fifty-five members selected from the four above-mentioned councils — twenty members each from the State and Economic Councils, ten from the Cultural and five from the Council of Provinces. It decides on the first drafts of bills, the budget, the issue or conversion of loans, and proposals of the government concering treaties which involve alterations of laws. Bills, after being drafted, are submitted to the appropriate council for advisory reports. After the receipt of these reports, the government can bring the bills, through the Chancellor, before the Federal Chamber, where a *rapporteur* will explain and justify the proposal. No other debate will take place. The Chamber can merely decide by vote to accept or reject the unaltered government draft. The government, however, has the right to withdraw or make changes in the bill which, in the government's opinion, do not affect its substance. If the Federal Chamber rejects a bill, the government may go over its head by appealing to the people in a plebiscite, either on the draft of the bill or on a question of principle. In the plebiscite, in which the voting will be "Yes" or "No," every citizen over 24 may participate, and a majority will decide.

The Federal President will be elected at a secret session by all the Mayors on the basis of a joint proposal by the Federal Assembly. Only citizens of more than thirty-five years of age are eligible. The President will hold office for seven years and may be re-elected. If he is incapacitated his duties devolve upon the Chancellor until a new President is elected. The President appoints State officials, including military officers; issues general amnesties; grants individual pardons. He also decides on the proposals of the government. Under him, as Commander-in-Chief, the appropriate Minister has authority to issue orders to the entire armed forces. The President appoints the Chancellor and, upon the latter's proposal, the other members of the Federal Government. Upon proposal of the Chancellor he may also dismiss individual Ministers.

Thus, in some respects, the new Austrian Constitution suggests the kind of dictatorial government which Napoleon I gave to France in the Consulate of 1799; in certain other respects it resembles the Italian Corporate State devised by Mussolini.

Hundreds of Socialists were arrested throughout Austria during April for fear that they might attempt a serious anti-Fascist outbreak on May Day. For the official May Day demonstration, orders were issued by the Ministry of Education to school teachers to select twenty children from each class for a great meeting in the Vienna Stadium. To make sure of their appearance tickets were issued to the children and had to be handed in at the stadium. The consent of their parents was not required.

The Dollfuss government has made great efforts to persuade workingmen to join the new Fascist trade union, but apparently without much success. Only 5 per cent are reported to have joined, despite the various advantages which members of the of-

ficial union enjoy. Most Austrian workers are hostile to any kind of fascism; they hate the "victors of February," and would even prefer to join the Nazis in order to obtain revenge for their defeat.

Open attempts on the part of German Nazis to get control of Austria continued to remain in abeyance during April. The Hitler government seemed inclined to give Dollfuss an opportunity to solidify his position if he could—in the belief that under the present economic difficulties he cannot—and to make terms with him if he succeeds. Meanwhile, Chancellor Dollfuss sought to conciliate Austrian Nazis by releasing some 300 of them from concentration camps, among them several leaders, including Herr Suchenwirth and Richard Frauenfeld, a brother of the former Vienna Nazi chief. Before their release they had to sign a statement renouncing future political activity. At the same time the government vigorously continued its measures to suppress illegal Nazi activities.

Simultaneously with the proclamation of the new Austrian Constitution it was announced that Emil Fey had been persuaded to relinquish the Vice Chancellorship to Prince Starhemberg, the leader of the Heimwehr, and to become Minister of Security, with the title of general.

More Deflation in Italy

By WILLIAM E. LINGELBACH
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ITALY'S newly elected Chamber of Deputies, sometimes called the "Suicide Parliament," was formally opened on April 28 by King Victor Emmanuel III, who appeared before the body for the first time in five years. With the nobility and many of the members of the diplomatic corps in military or official garb, and the Deputies and Senators in the new black uniform of the Fascisti, the occasion had a decidedly martial air, which was accentuated by the tone of certain passages in the King's address. Commending the many activities of fascism, the King praised particularly its semi-military training of the youth of the nation.

Other parts of the King's address dealt with the proposed constitutional reform and the problem of balancing the budget. Regarding the former, the King granted the need of a new Parliament more closely integrated with the corporations and the Fascist State in general. Regarding the budget, the King stressed once more what Mussolini had said at a meeting of the Cabinet Council on April 14—that national expenses must be brought into line with revenues. For some years now the budget has not been balanced except by special financing, and the current account shows a deficit of between 3,000,000,000 and 4,000,000,000 lire. (For a discussion of this and other aspects of the Fascist administration, see the article, "Fascism Fails Italy," on page 257 of this magazine.)

Part of the difficulty in balancing the budget is due to the expense of Italy's enormous reclamation and pub-

lic works projects, which fascism regards as an essential feature of its fight against unemployment, and by no means a sterile investment, either. Additional taxes are virtually out of the question, save here and there, as, for example, in the case of the tax on bachelors, which has recently been raised 50 per cent. Reduction of expenditures, therefore, was the obvious recourse. As an example for the rest of the nation, the salaries of all government officials have recently been reduced on a sliding scale—6 per cent on salaries of 500 to 1,000 lire a month, 8 per cent on those from 1,000 to 1,500, 10 per cent on those from 1,500 to 2,000, and 12 per cent on all above that figure, excepting salaries of Cabinet members, which were cut 20 per cent. No official cut in industrial and commercial wages was announced, but these are to be brought in line by action of the different corporations, acting under the general direction of Fascist party leaders.

Paralleling the cut in salaries and wages, a vigorous drive was inaugurated to bring down prices. Beginning on April 16, all house rents were reduced 12 per cent, while rents of shops, hotels and industrial and commercial establishments were lowered 15 per cent. Prices in the corporative stores of the Ministry of Commerce and Communications, for example, were reduced 15 per cent. Both the cut in salaries and the deflation of prices are, it is claimed, a corrective for the increased purchasing power of the lira, which has risen 80 per cent since 1929. (The lira is currently worth about 8½ cents.) A more important reason, however, is the necessity to reduce the cost of production in industry and agriculture in order to enable Italian products to compete successfully in the world markets, and so bring about a revival of Italian commerce. Incidentally, the cut in prices at this season is also expected to attract foreign tourists.

That Italy does not lag in employing up-to-date administrative measures like the quota system, licensing, exchange and credit control for bargaining purposes in her foreign trade is well known. Basic imports, like copper, wool, coffee and grain, can be imported only under license, the granting of which is made contingent upon the granting of reciprocal advantages to Italian exports. Unfortunately, this new system of nationalistic bargaining, which has sprung up since 1929, is working havoc with established lines of commerce. According to the *Giornale d'Italia,* the trade between Italy and France is progressively diminishing. In a period of a few years Italian exports to France fell from 1,303,000,000 francs to 459,000,000, while imports from France to Italy declined from 2,043,000,000 to 409,000,000.

On the occasion of the celebration of National Labor Day, which coincides with the anniversary of the founding of Rome, Mussolini hinted that dictatorship might eventually yield to more democratic control. The Italian people, "regimented in their political, military and syndical organization," he said, "will take their destiny back into their own hands."

The eighth anniversary of the organization of the Balilla was the occasion for announcing that the membership of the youth groups, which include, besides the Balilla, also the Avanguardisti and the corresponding girls' organizations, had increased by over 700,000 during the year, the present enrolment totaling 3,500,000. Mussolini considers these auxiliary groups of the utmost importance in the Fascist system. Through them the next generation is being indoctrinat-

ed with the ideals of fascism, and admission to the party now comes almost exclusively from their ranks.

Attention has been recently drawn to the Italian Government's chain of research laboratories through the announcement by Marconi of successful experimentation with electricity upon seed, and the consequent improvement of agricultural crops. In its agricultural program the government is vigorously promoting the plan of small holdings for agricultural laborers, of whom there were 2,822,922 in 1922. Unattached, these laborers migrate as labor conditions change, and are an unstable and disturbing element in the population. Through government assistance about 100,000 have acquired small holdings, while over 250,000 have become renters. The plan for thus anchoring the agricultural laborer tends to make the group more conservative, and to check somewhat the drift to the cities.

The King and Queen on April 15 attended the formal opening of Sabaudia, the second town constructed in connection with the reclamation of the Pontine Marshes. The place was built in about seven months by 6,000 workmen working in shifts night and day. Even more modern and up-to-date in its appointments than Littoria, the first of the Pontine towns, Sabaudia is situated at the head of the beautiful Paola Lake at the foot of Monte Circeo, between Rome and Naples, and is to have 20,000 inhabitants. On the same day the royal pair assisted at the inauguration of the new double-track railroad between Florence and Bologna. Although only about sixty miles in length, it tunnels through the Apennines, cuts off an hour and a half in the journey between the two cities, and makes possible an eight-hour schedule between Rome and Milan.

In the matter of foreign relations, the Italian press made a good deal of the treaties signed late in March with Austria and Hungary. The excitement in Athens over the reported efforts at Italianization in the Dodecanese, however, arouse very little comment. Located in the Eastern Mediterranean, these thirteen little islands were acquired by Italy during the Italo-Turkish War in 1912. At Lausanne, in 1923, her possession of them was confirmed, and they constitute a sort of an advance post of Italian power in the Eastern Mediterranean. Curiously enough, when the Four-Power pact in the Balkans came up for consideration in the Greek Parliament recently, that body was very solicitous that nothing in the agreement should in any way commit Greece to participate in a war against Italy or some other of the great powers. Now it is precisely Greece that is excited over the interference of Italian carbinieri in the local elections in Rhodes, and over the seizure of the famous monastery of St. John in Patmos, where the disciple is said to have had his vision of Revelations.

SPANISH CIVIL WAR AVERTED

The month of April, 1931, witnessed the establishment of the third Spanish Republic; April, 1934, witnessed its most serious crisis. Shortly after the celebration of the national anniversary on April 14-16, the conflict between the Right and the Left came to a serious climax. On April 25 the entire Ministry of Premier Lerroux resigned as a result of the disagreement over the Amnesty Bill. Rumor reported that even President Zamora himself was about to resign.

The particular acts of the Cortes which have aroused the ire of the Left are the Amnesty Bill, the law restoring the death penalty and the Clerical

Pensions Act. The Left deplores also the organization of the League of Catholic Youth as an auxiliary to the Acción Popolar, the Catholic Conservative party; and the weakening of the educational measures and the land reforms, through which it had sought to implement and consolidate the Socialist republic. What is even more disconcerting to the Socialists and their allies than the reactionary policies of the Cortes is the manifest swing toward the Right throughout the nation as a whole. The enthusiasm at Holy Week festivities at Seville and other places, forbidden by the previous Cortes, is only one of the many indications of a threatened return to the old order.

As a result, angry protests, acts of violence and threats of a general strike occurred with increasing vehemence toward the end of April. They were the more disturbing because during the first week of April a threatened general strike had been averted, and law and order sufficiently restored to warrant the withdrawal of the "state of alarm" which had been declared early in March. Instead of conditions improving, however, they became steadily worse, sporadic outbreaks occurring in many places in the weeks that followed. There was a forty-eight-hour strike in Saragossa, a strike of the power and light workers in Valencia; the metal workers strike in Madrid continued with much sabotage and the Anarcho-Syndicalist agitation in Barcelona, where more than half the factories closed down, increased in violence. In an effort to break the power of the Syndicalist unions in Catalonia, the Generalidad outlawed them, refusing to admit their right to strike, and gave active support to the strike-breakers.

By the beginning of the fourth week in April the disorders in Madrid had again reached alarming proportions. A veritable reign of terror developed. Open fighting between troops and radicals occurred, and rifle and machine gun fire swept the streets. On Sunday, April 22, several persons were killed and many wounded. The immediate cause for the outbreak seems to have been the gathering from all parts of Spain of thousands of members of the League of Catholic Youth for their first annual rally. By way of protest, the Young Socialist League called a twenty-four-hour strike against what they called a "Fascist demonstration by bourgeois oppressors of the proletariat." Street car, motor, subway and taxicab services came to a standstill; cafés and restaurants closed their doors; performances at the theatres were called off, and, for a time, bakers and milkmen also threatened to join in the walkout.

Despite the fact that Socialist leaders protested that they had not authorized the strike, it rapidly spread and became more serious. By April 24 the extremists, radicals and anti-Fascists began a general attack on the authorities, which was suppressed only after much loss of life and damage to property, and after the renewal on April 25 of the "state of alarm."

In the meantime, a general strike was proclaimed for May Day, and at Barcelona 150,000 Catalans staged a five-hour street demonstration. Thousands flocked from the country districts of Catalonia to the capital to participate in a monster parade of protest against the reaction. Conspicuous among the banners were such mottoes as "Down with Fascism" and "Down with Gil Robles." Many of the speakers threatened the secession of Catalonia if the Fascist reaction gained the upper hand in Madrid. There Socialist and Syndicalist unions went on strike, but there was very little vio-

lence. Cafés, restaurants, theatres and shops were again closed, no newspapers were published, and street-car and motor-bus services were suspended. Only cold meals were served in hotels, cooks and waiters having joined the strikers.

Before this, the stormy scenes in the Cortes during the discussion of the Amnesty Bill, by which nearly 9,000 political prisoners were to be freed and the lands restored to the grandees, had aroused nation-wide concern. Leftist papers were loud in their denunciation of the law, complaining that ex-King Alfonso would soon be "the only member of the dictatorship still outlawed." President Zamora himself objected to certain aspects of the measure and sent a sharp note to the Cortes. This was greatly resented by Premier Lerroux, who interpreted the message as a direct criticism of the Ministry, and he and his entire Cabinet resigned.

President Zamora found himself in a difficult situation because he himself had been largely the cause of the fall of the Ministry. Some urged him to appoint a leader who would form a broad coalition government representing all major groups; others insisted that the President himself resign. The offer of the Premiership to Martinez de Velasco, leader of the Agrarian party, was declined, and on April 27 the task of forming a new Ministry was entrusted to Ricardo Samper Ibañez, former Minister of Commerce. Contrary to expectation, Samper, who is known as an able lawyer and parliamentarian, selected his Cabinet entirely from the parties that had shared in the Lerroux government.

How long Samper can weather the storm remains to be seen. The Left is in open revolt, and there is doubt about the support of Acción Popolar, which is necessary. Speaking to the Catholic Youth at their annual gathering, Gil Robles assured them that the time was not far remote when the Acción Popolar would be ready to take over the government.

In general, the Left claims that the Cortes is undermining the republic and threatening to turn over the direction of its affairs to men who are monarchists at heart. Two of the parties of the Left, the Republican Action and the Radical Socialists, in an effort to consolidate their efforts united to form the Republican Left (Izquierda Republicana) under the leadership of ex-Premier Azaña. Only about a dozen Deputies of these parties are left out of the 100 who sat in the first Cortes.

The close understanding between two Latin sister republics was demonstrated during April when Spain occupied the little enclave of Ifni on the Atlantic coast of French Morocco. A division of 1,000 Foreign Legion troops was transferred from Ceuta to Ifni, which has been nominally Spanish since the days of Ferdinand and Isabella and more formally so since the Treaty of 1860. It has only about 20,000 inhabitants but it is rich in natural resources, especially phosphates and potash, and its harbors afford a vantage point for Spanish deep-sea fishermen. In defending its occupation, Premier Lerroux pointed out its strategic location on the airplane route from Europe to Senegal and South America, and also on the Trans-Saharan Railroad. His assurance that the government was cooperating with France in the pacification of Morocco aroused especial interest because of the fact that part of the Paris press has been publishing so-called revelations of German assistance to the rebellious tribesmen of Morocco.

Poland Confirms French Alliance

By FREDERIC A. OGG
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FOR some considerable time the friendship of Poland and France, cemented in 1921 by a military alliance, has been weakening, and in the early months of the present year relations became so strained that the alliance almost reached the breaking point. The estrangement started with the Locarno treaties, drew fresh impetus from the signing by France of Mussolini's Four-Power pact, and culminated last January in the ten-year non-aggression pact between Poland and Germany. Poland has reproached France for entering into international agreements inimical to Polish interests and for treating her not as an equal but as a vassal. France retorted that Poland had betrayed the allies of the elder republic and pursued a disquieting, independent policy.

Bent upon patching up the difference and rehabilitating the French policy of friendly relations with all neighbors except one, Foreign Minister Louis Barthou left Paris on April 21 to visit both Warsaw and Prague. In the former capital he spent two days in conference with Foreign Minister Beck and Marshal Pilsudski. Curiously enough, it was M. Barthou who, thirteen years ago, while French Minister of War, wrote the military clauses of the Polish alliance and afterward reached an agreement upon them with Marshal Pilsudski.

From all accounts the more recent meeting ended no less amicably than the earlier. At all events, after the conferences were over both sides declared that the alliance was as strong as ever. As for the Polish-German rapprochement, M. Barthou observed philosophically that Poland is a great power and presumably knows what is best for her. Moreover, if last January's pact is actually calculated to pacify the Polish-German sector of Europe, it can do no real damage to Franco-Polish relations. On his part, Marshal Pilsudski cited his country's hazardous position between Germany and Russia, as well as the internal changes going on in both those countries, as a guarantee that the French military alliance would continue to be the cornerstone of Polish foreign policy.

Poland on April 11 made her opening move toward bringing about an international minorities conference, before Germany's withdrawal from the League of Nations takes effect, by putting on the agenda of the Assembly for debate next September a proposal that that body convene by April, 1935, a "conference composed of all the members of the League, with instructions to frame a general convention for the international protection of minorities." Without mentioning Jews or Germans, the resolution pointed out that existing treaties guarantee the rights of minorities in certain countries, leaving others, in many lands, unprotected. The only remedy, it was further alleged, is a convention "to embody the same undertakings for all the members of the League and insuring international

protection for all minorities of race, language and religion." At Geneva it was believed that Poland was manoeuvring either to get her own obligations to protect minorities extended to Germany before that country goes out of the League or to acquire through Germany's attitude an excuse for no longer according minority rights to Germans in Poland.

CZECHOSLOVAK AFFAIRS

In a lengthy speech before the Foreign Affairs Committee of the Czechoslovak Parliament on March 21, Foreign Minister Benes thoroughly analyzed the problem of Central Europe in terms of the Austrian question, indicating that on future occasions he would similarly discuss disarmament, the Balkan Pact and Czechoslovak relations with Germany, Poland and the Soviet Union. The speech on Austria received wide publicity and, outside Germany, met with general approval. Even there, the press noted with satisfaction that while M. Benes definitely rejected *Anschluss* and treaty revision, he asserted that any solution of the Austrian question must be made acceptable to Germany, at least to the extent of guaranteeing that Austria shall not be incorporated in any political or economic system directed against that country. In addition to insisting upon the complete independence of Austria and opposing the restoration of the Habsburg dynasty under any conditions, M. Benes argued for a broadly based agreement for collaboration among the countries of Central Europe in pursuance of the twin principles of equality and exclusion of undue foreign influence. All constitutional parties in Parliament, including the Opposition minorities, voiced full assent.

For ten years the Catholic parties in Czechoslovakia, previously comprising a well-knit bloc, have been at odds and unable to play the important rôle they did in earlier times. The Czech Catholic (People's) party, led by Mgr. Srámek, has continued faithful to the government coalition and at present has two members in the Cabinet. The Slovak People's party, on the other hand, under the leadership of Father Hlinka, has been numbered with the Opposition. Realizing that its policy since 1924 has deprived it of the representation in Parliament and in local bodies to which its numbers entitle it, and has generally weakened its position, the Slovak party has of late been working for a revival of the bloc. So many difficulties have accumulated during a decade of dissension that the task of reconciliation and reunion will probably require a good deal of time. It would not be surprising, however, if the Slovak group in Parliament—reduced from twenty-three to nineteen in the general elections of 1929—should presently throw its support to the government. The growing menace to the frontiers of Slovakia from the revisionist campaign of Hungary suggests the importance of a united stand with all constitutional parties in the republic for the absolute integrity of the State and the maintenance of the frontiers as laid down in the peace treaties.

HUNGARIAN TRADE OUTLETS

During the first week of April experts representing Hungary, Austria and Italy began in Rome the negotiations for a series of bilateral trade agreements contemplated in the protocols signed there on March 17. The discussions were scheduled to be concluded by May 15, when, if success had attended the effort, a permanent committee of three was to be named to supervise and coordinate the economic policies of the three countries

in accordance with the terms of the protocols. High on the list of tasks confronting the negotiators were: (1) Determination of the price of the Hungarian wheat which Austria and Italy were to buy; (2) agreement upon a method of clearing goods between States so that money will not have to be shipped back and forth in payment; (3) fixing the status of Trieste and Fiume as the new ports of Hungarian and Austrian shipments, and (4) promotion of tourist traffic. The Hungarian delegation, headed by Stephen Winkler, was reported to be interested chiefly in finding out how much of the country's wheat Italy could be induced to buy and at what price.

The Hungarian Legitimists have been showing unusual activity, both through the publication of articles and appeals in the press and by holding meetings in Budapest and other cities. Reports that Archduke Otto of Habsburg and his mother, the former Empress Zita, were planning to leave their present abode at Steenockerzeel, Belgium, and take up their residence in Austria this Summer, while apparently unfounded, have again brought to the fore the question of whether, if there is to be a restoration, it shall take place first in Hungary or in Austria. The Austrian Legitimists hope that the event, if and when it occurs, will be staged in Vienna. But the Hungarians have a different idea. If Otto were *first* to become King of Hungary, they would not object to a later extension of his rule over Austria or other lands. But Hungary must come first; the country will accept no "second-hand" king, and even the return of Otto to Austria to live as a private citizen would be regarded as jeopardizing, if not making forever impossible, his enthronement in Budapest.

For the first time since the outbreak of war between the Dual Monarchy and Czarist Russia in 1914, a Russian diplomat set foot in Budapest on April 5, when A. M. Petrovsky, Soviet Ambassador to Austria, arrived to present to Admiral Horthy his credentials as temporary Ambassador to Hungary. For an indefinite period M. Petrovsky will act as Ambassador to both countries, spending most of his time in Vienna. On April 20, M. Jungwirts, previously Hungarian Minister to Turkey, arrived in Moscow to present his credentials as Hungarian chargé d'affaires pending the appointment of a fully accredited envoy.

RUMANIAN POLITICAL INTRIGUE

In Rumania the acquittal on April 5 of all except three of the members of the Iron Guard who were accused of responsibility for the murder of Premier Duca last December stirred spirited protest and momentarily threatened to upset the Tatarescu government. Some eighty persons under suspicion of complicity were set free, and with them more than 3,000 other members of the Iron Guard who were arrested after the murder. The sympathies of the court were manifestly with the accused; indeed the trial turned into a bold propaganda campaign for the Fascist cause. The King himself appeared to be on the side of the Iron Guard. Though suffering severe decline in its prestige, the Cabinet weathered the storm, and on April 6 Premier Tatarescu, after conferences with the King, announced positively that he had no intention either of resigning or of making changes in the personnel of the Cabinet.

When rigid censorship of press and communications was forthwith imposed, people at first assumed that it was due to a desire to curb discussion

of the verdict in the case. But it subsequently appeared that the cause was the discovery of a plot to bomb the Dominska Balazcha cathedral at an Orthodox midnight Easter service in order to kill King Carol, the Crown Prince and members of the Cabinet. Astonishment grew when it became known that the principal rôle in the plot was played by none other than a member of the army staff, Colonel Victor Precup, who four years previously prepared the way in Vienna and Munich for Carol's dash by airplane to reclaim his throne. Placed on trial with twelve other persons on April 20, on charges of high treason, Colonel Precup denied that he had contemplated acts of violence. The court satisfied itself, however, that such acts had been carefully planned, with a view to establishing a military dictatorship, and on April 22 all the accused were sentenced to ten years in prison and degradation of rank, the maximum penalty in Rumania for high treason. All the persons implicated were Transylvanians, and the Iron Guard seemed in no way involved.

THE BULGARIAN BUDGET

Debate on the Bulgarian budget in late March and early April brought out criticism of the policy of the government, mainly because of its lack of vigor. Non-participation in the Balkan Pact was, however, approved. If, it was argued, the government would but press more earnestly for settlement of outstanding questions, closer and better relations with Bulgaria's neighbors could be attained. Replying at length on April 1, Premier Mushanov declared that the general lines of Bulgarian foreign policy remained unchanged and promised that negotiations looking to improved relations abroad would be resumed after the Easter holiday.

The national budget for 1934-35 represents a reduction of 57,000,000 levas from that of the preceding year, notwithstanding that payments on foreign debts will be greater. (Currently the leva is worth 1.31 cents.) In line with advice from the Financial Committee of the League of Nations, which some years ago subjected the Bulgarian fiscal system to a drastic overhauling, successive governments have labored not only to achieve economies but to preserve all the potential sources of revenue in expectation of a day when more normal economic conditions will permit them once more to become truly productive.

GREECE AVOIDS DICTATORSHIP

The sudden outbreak of a railway strike in Greece on April 18 as a result of a new workers' insurance law paralyzed the transportation system and lent color to rumors long current that a dictatorship was impending in Athens. Ever since the signing of the Balkan Pact in February, the Tsaldaris government has been under heavy fire from ex-Premier Venizelos and his supporters on charges not only that the pact was contrary to Greek interests and inherently unjustifiable but that the Cabinet had failed to carry out its election promises.

After protracted conferences between the Premier and M. Venizelos, it became apparent, however, that, despite the wishes of two of the smaller parties supporting the government, no dictatorial measures would be taken. A comprehensive agreement reported on April 21 included: (1) The re-election of President Alexander Zaimis; (2) abandonment of the Venizelist demand for a joint session of the houses of Parliament, in which the Venizelist Liberals, having a majority in the Senate, would be able to swamp the

slender government majority in the Chamber; (3) revival of the proportional system at the next elections; (4) appointment of a commission of retired generals to settle several dangerous disputes among army officers, and (5) prompt termination of debate on the Balkan Pact.

A momentary uproar was created in the middle of April when serious rioting broke out on the island of Rhodes in protest against alleged efforts of the Italian authorities to force the Greek population of the village of Salaco to elect the government's candidate for Mayor. Though populated mainly by Greeks and Turks, the island has been in Italian possession since the war of 1912, and has been the theatre of recurring friction as a result of resistance by the inhabitants to Italianization. Danger of international controversy was, however, in the present instance promptly removed by a report of the Greek Consul at Rhodes, released by the Foreign Office in Athens on April 19, exonerating the Italian authorities of all blame for the Salaco clash.

SECRET BALKAN PROTOCOL

The fact came to light early in March that the Balkan Pact signed in Athens on Feb. 9 by Greece, Rumania, Yugoslavia and Turkey was accompanied by a secret protocol. For some time the contents of this supplementary agreement could only be guessed, but during the last week of April they were communicated to the British and French Governments, which promptly joined in urging upon the signatories that the protocol be registered at Geneva along with the pact itself. During the course of the discussions the terms of the protocol gained full publicity, and they can now be summarized as follows:

Article I defines the term "aggressor" as applying to any State which shall have committed any of the acts labeled as aggressive in the second article of the convention signed in London on July 3, 1933; Article II declares that the pact is not directed against any particular power but guarantees Balkan frontiers against aggression by any Balkan State; Article III explains that the pact will come into force against any Balkan State that may join any outside power that has committed an act of aggression against any one of the signatories; Article IV pledges the signatories to negotiate a convention in conformity with the object of the pact within six months; Articles V and VI stipulate that pre-existing treaties and conventions depending upon them shall continue binding upon the signatories of the pact, which is not to be construed as invalidating previous obligations; Article VII provides that the pact shall cease to bind signatories in relations with other signatories which prove guilty of acts of aggression; Article VIII, reiterating provisions of the pact itself, declares the maintenance of existing territorial arrangements in the Balkans incumbent upon all the signatories and forbids denunciation of the pact by any signatory in less than two years.

As was pointed out last month, the action of the four signatory powers in bolstering up their formal treaty with a series of agreements which were not to be registered with the League, and the very existence of which was for a time officially denied, considerably disturbed the Geneva authorities. Their perturbation has not been lessened by rumors that in adopting the protocol the four States were animated by lack of confidence in the future efficacy of the League.

The Trade of Northern Europe

By RALPH THOMPSON

THE foreign trade figures for the nations of Northern Europe show that several of these countries improved their position in the course of the calendar year 1933. Although the exact degree of change may not be expressed in dollars because of currency alterations in the United States and abroad, and although volume can hardly be accurately gauged because of these alterations, the following are the principal changes that have occurred:

Norway's balance of trade has been unfavorable for many years, but the excess of imports over exports has been gradually decreasing, and in 1933 it was reduced still further, by 16,000,000 kroner, to 105,000,000 kroner. This was accomplished by a 4 per cent reduction in value of imports and only a 2 per cent reduction in value of exports.

Great Britain is the most important country in Norway's foreign trade, with Germany, Sweden, the United States and Denmark following in the order named. Great Britain alone furnished more goods to Norway in 1933 than in 1932; all others found a less absorbent market there. In the matter of Norwegian exports, Great Britain took less in 1933 than in 1932, while Germany, Sweden, the United States and Holland increased their purchases.

Sweden has for the past few years imported more than she exported, but in 1933 a balance was very nearly struck, with imports exceeding exports in value by only 8,000,000 kronor —an improvement of about 200,000,000 kronor over 1932. Exports to Great Britain, Germany, the United States and Denmark—Sweden's chief customers—increased, while imports from those countries decreased, except in the case of Great Britain, which furnished Sweden in 1933 with a larger percentage of her foreign goods than in any other year since 1925. Germany, however, remained the principal market for Sweden's buyers, as she has been for the past decade. The United States now supplies over 10 per cent of Swedish goods purchased abroad.

Denmark's customarily unfavorable trade balance, far from being rectified in 1933, showed an import surplus of 64,300,000 kroner, compared with one of less than 10,000,000 kroner in 1932. Although the value of Danish agricultural exports (which represent approximately 75 per cent of the total export trade) was some 5 per cent greater than in 1932, the value of industrial exports fell off in almost every category.

Finland has had a favorable balance of trade since 1930; in 1933 the excess of exports over imports amounted to 1,362,000,000 marks. Her exports of paper products have increased steadily in the past few years, until they represented in 1933 about 40 per cent of the total value of goods shipped from the country. Wood products, which at one time were Finland's major export, have found a less ready outside market, and in 1933 exceeded paper products by a narrow margin

only. The value of animal foodstuffs was about 9 per cent of total exports in 1933, compared with 11 per cent in 1932.

Great Britain has for some years been Finland's best customer, with the United States second and Germany third. In 1933, however, the order was altered, and Germany increased her purchases considerably and moved into second place. But because of the conclusion in the Autumn of 1933 of a new commercial agreement with Great Britain, the termination of the German trade pact last January and the signing of a new treaty with the United States in February, the figures for 1934 may be expected to reveal a different condition. What is more, imports into Finland from Great Britain and the United States in 1933 increased to a greater degree than did those from Germany, which, however, remained first on the list.

Estonia has now experienced the second year of foreign trade controlled for the purpose of establishing a favorable balance. The favorable balance has been achieved. In 1932 exports exceeded imports by 5,700,000 kroons, in 1933 by 6,500,000, but trade turnover has been greatly reduced, and in 1932 it was 40 per cent less in value than in 1931. In 1933, however, some of the lost ground was regained; imports rose in value about 6 per cent, and exports 7 per cent.

Estonia's import of foodstuffs and finished goods in relation to the value of her total import trade was reduced in 1933, but the purchase of raw materials and semi-finished goods rose 5 per cent. The relative value of exports of foodstuffs fell by 10 per cent, while that of raw materials and semi-finished goods rose 9 per cent, and that of manufactured goods 1 per cent. Imports from Germany and Russia fell in 1933, while those from Great Britain and the United States rose. Exports to Germany likewise fell, while those to Great Britain and most other countries rose. As in the case of the other Baltic States, Great Britain is gradually becoming the most important factor in the foreign trade of Estonia.

In Lithuania the favorable trade balance attained in 1929, 1930 and 1932 was maintained in 1933, although the balance declined from 22,000,000 lits to 18,000,000 lits in the course of the year. Exports of dairy products and eggs in 1933 fell in value more than 50 per cent compared with 1932; wood products, however, rose considerably. Imports of foods in 1933 declined 40 per cent in value from 1932; finished goods dropped 20 per cent; raw materials and semi-finished products showed little change.

Lithuania has for the last few years been gradually increasing her trade with Great Britain, with the result that although in 1931 Germany bought 46 per cent of Lithuania's exports and accounted for 47 per cent of her imports, in 1933 Great Britain became the principal figure, absorbing 45 per cent of all Lithuania's exports and providing about 15 per cent of all imports. Germany accounted for about 35 per cent of the imports and a slightly smaller percentage of the exports.

In only one year since 1927 have Latvian exports exceeded imports. There was a favorable balance of 11,900,000 lats in 1932 because the shrinkage in value of goods shipped from the country was proportionately smaller than that of goods purchased abroad. In 1933 the normal trend was resumed; the value of imports rose while that of exports declined, and an unfavorable balance of nearly 10,000,000 lats was the result.

In comparison with 1932, Latvia's

imports of foodstuffs declined in value in 1933 about 35 per cent, while raw materials and semi-finished goods rose about 30 per cent, and finished goods rose about 5 per cent. The value of her export trade in foodstuffs fell nearly 25 per cent, that of raw materials and semi-finished goods rose about 30 per cent, that of finished goods fell about 45 per cent.

Germany remained in 1933 Latvia's chief source of supply, although purchases in that country have declined in the last three years to some 25 per cent of the total imports. Great Britain seems destined to become the major market for Latvian buyers. Imports from Soviet Russia, as well, have fallen off steadily, until in 1933 they represented but 4 per cent of the total, as compared with 9 per cent in 1931. Goods from the United States have increased from about 3 per cent of the total Latvian import trade in 1931 to over 6 per cent in 1933.

Germany was Latvia's best customer in 1931, but in 1932 and 1933 Great Britain assumed that rôle. The Soviet Union, which at one time absorbed 20 per cent of all Latvian exports, took less than 2 per cent in 1933. Exports to the United States are still a negligible item in Latvian foreign trade, but in proportion to the whole they have more than doubled in the past two years.

DANISH STRIKES

Danish sailors, stokers and slaughterhouse workers went on strike during April, tying up large sections of the shipping and packing industries. The centre of the disturbance was at Esbjerg, an important North Sea port. When police reinforcements were dispatched from Copenhagen to cope with the situation, a twenty-four hour general strike was begun. Meanwhile, Communist rioting in the capital resulted in the wounding of several agitators and the arrest of others, and on April 18 a Communist Deputy attempted to secure from Parliament a no-confidence motion against the Minister of Justice. Two days later, however, Premier Stauning introduced a bill for compulsory arbitration of the slaughtermen's strike, and by April 22 both the slaughtermen and the sailors and stokers had agreed to return to their jobs.

ESTONIAN MARTIAL LAW

Early in April, Acting President Paets of Estonia decreed the postponement of the Presidential elections, which were to be held on April 22-23. His action was attributed to the fact that cool-headed balloting was not to be expected under martial law, which had been instituted in March as a result of the government's drive against the Fascist Liberator group. Further steps to suppress the Liberators were taken on April 13, when the Estonian Cabinet set out to purge the official life of the country of hostile elements, and forced the resignation of 100 members of the civic guard. Prominent business men and lawyers implicated in the Fascist movement fled from Estonia, and dozens of others were arrested and will be tried by court-martial for unconstitutional activities. The property of the Liberators has been confiscated, and their candidature for Parliamentary and municipal elections has been canceled. In the future, until Parliament orders otherwise, all candidates for important municipal posts will be subject to the approval of the Minister of the Interior. The Mayor of Tallinn, the capital, is henceforth to be appointed by the government.

Fetters on Soviet Commerce

By Edgar S. Furniss
Dean of the Graduate School, Yale University

THE Johnson Act prohibiting loans to nations in default to the United States has injected a new problem into American-Soviet relations. One of the major influences leading to recognition was the expectation of a large increase in our Soviet trade. At the time it was understood that Russian purchases in the United States would have to be financed by American credits, and the establishment of the Export-Import Bank with capital contributed by the RFC was expected to provide adequate credit to promote a vast expansion of Russo-American trade. Although the resolution of the directors of the bank on March 16 that no transactions could be carried on directly with the Soviet Government, pending a settlement of the debt question, introduced some uncertainty into the situation, it was not thought that credits from other sources than the bank itself would be prohibited. The Johnson Act, since it embraces credits advanced by private concerns and has been held by the American press to apply to the Soviet Union as well as to other defaulting nations, seems to destroy all prospect of immediate trade gains from our recognition policy.

Improvement in the political relations of the two countries had brought about a slight trade revival. Soviet imports from the United States increased upward of 70 per cent during the last half of 1933—from $5,098,890 to $9,367,160. Russian exports to the United States showed a smaller increase, from $4,718,700 during the first six months to $7,445,510 during the last six months of 1933. The gains had continued through the opening months of the present year, Soviet purchases in January and February having totaled $1,720,000, compared with $263,000 in the same period of 1933. These are trifling amounts compared with the enormous figures of our Russian trade in 1930, when exports totaled $230,682,790 (at present rates of exchange), or in contrast with the grandiose expectations of the advocates of recognition. At any rate, the trend was favorable to American commercial interests.

But does the Johnson Act apply to the Soviet Union? The Soviet Government insists that it does not, since the Union is not in default. When the United States recognized the Soviet Union the question of claims and counter-claims was left for future settlement by conference. The Soviet Government, by implication, admitted the validity of our claim arising from the Kerensky debt—some $187,000,000; and the United States Government, by accepting the Soviet distinction between the Vladivostok and the Murmansk occupations, conceded that the counter-claims arising from the latter are at least valid enough to merit discussion. The position now taken by the Soviet authorities is that this reciprocal agreement to seek a settlement by further negotiation does not imply that they are in default any more than that the United States is.

The Johnson Act quite evidently al-

tered the attitude of the Soviet Government on the debt question, even if serious negotiations for a settlement had hardly begun. Students of Soviet history did not find this surprising, since no nation had yet obtained a settlement of its claims against Russia, although several had been trying to for many years. Before the end of April, however, the Soviet Government took steps to hasten the debt negotiations. M. Roubinin, chief of the division of the Soviet Foreign Office dealing with American affairs, conferred with President Roosevelt and with the directors of the Export-Import Bank, and at the end of the month Ambassador Troyanovsky arranged a direct conference with the President to consider the problem. Observers in Washington saw in these moves by the Soviet Government a genuine desire to take the initiative in settling the question of claims and counterclaims. If this is so, it reflects a sharp break in previous Soviet policy.

Current developments in Soviet commercial relations with certain other countries have increased the importance of the American market to the Soviet Union. Russia's earlier expectations of favorable trade arrangements in other quarters do not now seem so promising. The Anglo-Soviet trade agreement carries stipulations of balanced export and import trade which raise practical difficulties; and, on the whole, the British official attitude toward cooperation with the Soviet Union is hardly more than lukewarm. Russia also made much of the proposed long-term Swedish loan of $26,000,000 which was announced on March 14. This was important, both as a precedent, because it was the first credit advance ever made by a foreign government to the Soviet Union, and as a timely aid to Soviet import trade. But at the moment it looks as if the Swedish Parliament will refuse to ratify the agreement because of opposition by the Peasant party.

In Germany, too, Soviet trade proposals are not bright. Minor controversies over methods of paying past Soviet obligations have been settled, but the German Government has refused the Soviet request for a new five-year credit. Moreover, there is a fundamental maladjustment which reduces the Soviet Union's ability to draw imports from Germany. A large amount of Soviet indebtedness—some $250,000,000—falls due in Germany this year and next, and these obligations must be met in gold, or in exchange on other countries, unless they are canceled by Soviet exports. To do this without new long-term credits the Soviet Union must reduce its imports from Germany in order to maintain a favorable balance of trade with that country. Significant in this connection are the trade figures for March, which show that Russia's exports to Germany were three times as great as her imports from Germany.

The position of the Soviet Union in the principal world markets is thus likely to encourage it to remove any obstacle to trade with the United States. But even if the debt question is settled and American credits are forthcoming, it is doubtful if there will be any very rapid expansion of exports from the United States to Russia. A survey of the Soviet trade situation as a whole makes it clear that the Soviet Union can only slowly return to its position of 1930 as a great buyer of foreign goods. Its present heavy trade indebtedness, which must be met by surplus exports, will not be wiped out until the end of 1935. Total Soviet imports in 1933 actually amounted to $303,818,460, which was but half the figure for 1932; while ex-

ports for 1933 totaled $432,461,600, which was only slightly below the year before. For the first time in several years the Soviet Union achieved a substantial export surplus. This was the result of a definite policy of curtailing imports, which, while obviously favorable to its financial stability, contradicts the extravagant predictions of vast Soviet buying in the depressed markets of the world.

SOVIET FOREIGN RELATIONS

The events of April had diverse effects on the foreign relations of the Soviet Union. On the one hand the war scare on the Siberian frontier flared up again. The Soviet authorities, who, on April 1, had been prepared to announce that the immediate danger had passed, returned by the end of the month to their earlier mood of alarm. Japan's abrupt announcement of her exclusive right to share with China in the political settlement of Asia, was in part responsible for the revival of war spirit in Moscow. A detailed analysis of Japan's new railway lines in Manchuria emphasizing their military purpose with reference to the Soviet frontier, was published in Russia and further excited Soviet war fears. Nor have the remarks of certain Japanese officials that war with Russia is inevitable lessened the tension. At the end of April the Soviet leaders were again warning the people of the imminence of war, and were pressing forward with all haste their concentration of armed forces in Siberia. (For another discussion of this subject, see the article, "If Japan Fights," on page 273.)

There has been a slight setback also to the policy of greater security in the relations of the Soviet Union with its Northern European neighbors. The non-aggression pacts signed with Estonia, Lithuania and Latvia on April 4 were part of a general program by which Russia proposed to secure this frontier against attack. These pacts provide for a ten-year period during which the three Baltic States cannot be used as outposts by any European enemy for an assault on Russian territory. A similar pact with Poland, which expires next year, is subject to renewal, and Poland's cordial reception of the new Baltic treaties is assurance of her willingness to extend her own agreement.

Russia hoped to make Germany a party to the neutralization of the Baltic area. On March 28 Litvinov invited the German Government to sign a protocol jointly guaranteeing the independence and integrity of the Baltic States which had formerly formed a part of the Russian Empire. Germany rejected this invitation on April 14, and in a sharp public statement on April 26 attacked the sincerity of the Soviet Union.

To compensate for these unfavorable developments in foreign affairs there has been marked improvement in Soviet relations with another European area which has always been a zone of trouble. Eduard Benes, Czechoslovak Foreign Minister, announced at Geneva on April 12, after a conference with Boris Stein, Soviet delegate to the disarmament conference, that the Little Entente would soon recognize the Soviet Union. Of the three States forming the Little Entente, Rumania has in its relations with Russia been the most embittered and the most dangerous to European peace. Russia has never relinquished her claim to Bessarabia, which is now incorporated in Rumanian territory, and there has always been danger that the more powerful nation might try to recover the disputed territory by force of arms. The entanglement of alliances which binds Rumania to the Little

Entente, to Poland and to France, might spread throughout Europe any conflict arising between the two countries. Another factor increasing the importance to Russia of friendly relations with the Little Entente is the exposed position of the Ukraine and the uncertainty of Moscow's grip upon that part of the Soviet Union. Last year a formidable separatist movement in the Ukraine, which had the support of neighboring enemies, had to be put down by force. To stabilize relations with Rumania and the Little Entente generally would certainly contribute to the security of the Communist régime.

A broader view of the more friendly attitude of the Little Entente will disclose its significance as an element in the policy of France. Czechoslovakia, Yugoslavia and Rumania are obviously taking their lead from their principal European patron, and their proffer of recognition is but another sign of the change in French diplomatic strategy, which has done so much during the past year to strengthen the position of Russia in Europe. Benes's announcement included a statement that recognition by the Little Entente would be followed by an invitation to the Soviet Union to join the League of Nations. This, too, is a part of the French plan for the stabilization of relations within Europe. In connection with this program, the Little Entente was expected to use its influence to change the non-recognition policy of other members of the League—Belgium, Bulgaria, Holland, Portugal, Switzerland and the South American republics.

TROTSKY'S ACTIVITIES

The expulsion of Leon Trotsky from his retreat in France provided information which should assist the student of Russian affairs to understand the social philosophy of the present Soviet régime.

Following a police raid, Trotsky was discovered with his wife in Villa Ker Monique at Barbizon, a village in the Forest of Fontainebleau, made famous by painters. When it was announced that Trotsky had received from former Premier Camille Chautemps permission to establish his residence there, it was thought at first that the local police had blundered. Charges were soon made, however, by the police authorities that Trotsky had plotted to establish a revolutionary dictatorship in France and had kept in touch with Communists who take their lead from him. In revoking Trotsky's permit to reside in France Minister of the Interior Albert Sarraut declared that the unwelcome guest had not observed the duties of neutrality to which he had subscribed when the hospitality of France was granted to him, and it was stated that having been exiled by the authorities of the Third International, which he helped to create, Trotsky was organizing a Fourth International which was to be the only true vehicle of communism.

This old revolutionary leader and the "Trotskyist" factions of the different countries believe that the proletarian dictatorship in Moscow has ceased to be Communist either in faith or in works. The issue is joined on a point which may impress the foreign observer as of doctrinaire significance only, but which has, in reality, essential bearings on the position of the Soviet Union in world affairs. Until the triumph of Stalin in 1925 the pivotal element of the Communist program was world revolution. Successful social reconstruction in any single country was held to be dependent on proletarian triumph in the class struggle throughout the world. Believing this, the rulers of Russia

were obliged to expend their major effort in promoting class war in other countries, marking time in their domestic program until the morrow of the world revolution. During this phase of its development the Soviet Government acquired in capitalistic countries the reputation of promoting subversive propaganda and fomenting class war, a reputation which continues even now to color public opinion in many nations. The triumph of Stalin's program, with its demand for immediate Socialist reconstruction in Russia, without reference to the class struggle in other countries, involved a complete change of policy.

The immediate sequel as regards Trotsky—his breach of party discipline, his expulsion from the party and his eventual exile—is known to all students of recent history. For Soviet Russia the revision of doctrine meant a reversal of foreign policy—devotion to the cause of international peace; the creation of normal business contacts with the capitalistic world; abdication of leadership in the class war. Trotsky, faithful to the older creed, is fundamentally right in saying that the Kremlin is no longer revolutionary at all.

The Third International has likewise changed its character. It is significant that it has not been convened in congress since 1928; and that the congress of that year—the Sixth—displayed none of the old ardor for international revolution. The Executive Committee has at last set a date for the next congress—the Autumn of the present year. It will be seen at that time how far the revisionists led by Stalin will be able to rewrite the articles of faith of the international movement in line with the practical needs of the Soviet Union rather than with Trotsky's theory of world revolution.

Arab King Invades Yemen

By ROBERT L. BAKER

IBN SAUD, King of Saudi Arabia, has made another big attempt toward bringing another large portion of the Arabian Peninsula under his sway. During the last week of April and the first week of May the antiquated defenses of his latest enemy, the Imam Yahia of Yemen, fell in rapid succession before the modernized Saudian army. At this writing the Yemeni forces had abandoned Hodeida, the principal port of the country, and were in full flight everywhere. It seemed only a question of weeks before Ibn Saud would become the complete master of the old kingdom, for in Arabian warfare success means conquest and the victor supersedes the vanquished. In this case the spoil amounts to about 75,000 square miles of territory, including the most fertile land that poor Arabia can offer, with a population of 2,500,000. Not for a thousand years, perhaps, has a single Arab prince ruled over so great a portion of the peninsula.

Though the dispute between Ibn Saud and Yahia which culminated in war dates only from the Spring of 1933, relations have never been cordial. Yahia was concerned to see the Wahabi monarch absorb the Asir ter-



Saudi Arabia and Neighboring Territories

ritory to the north of Yemen, which had formerly served as a buffer. Since the vigorous and ambitious Ibn Saud was to be his neighbor, he thought it best to have their common frontier as far as possible from Sana, his capital, and Hodeida, his chief port. This accounts for his giving protection, aid and encouragement to the Idrissi, or chief, of the Asir tribesmen after the latter had been displaced by Ibn Saud in the Fall of 1932. It also explains Yahia's fantastic claims to territory. While complete accounts of the quarrel are not yet available, we may best believe the version of H. St. J. B. Philby, the explorer, who places the entire blame for the war on the Imam's intransigence and insincerity. Mr. Philby holds that Ibn Saud offered Yahia a very generous compromise, and was unusually tolerant of the latter's procrastination.

In fact, negotiations looking toward a peaceful settlement of the boundary question were attempted at Mecca, at Sana and in the disputed region for nearly a year. Wireless exchanges between Sana and Mecca were frequent, especially during March. Arab nationalist groups in Egypt, Iraq and Palestine did their best to mediate between the two rulers, and even sent delegations to Mecca. But all these efforts were fruitless, because the Imam's troops remained in the disputed Nejran and Tihama districts and because the Imam allowed the Idrissi to invade the Asir to stir up disaffection among the tribesmen.

Once Ibn Saud had decided upon settlement by arms, he struck swiftly, so swiftly in fact that the invasion of Yemen came as a surprise. British, French and Italian warships were rushed to Hodeida to protect European and Indian nationals. The question of how far Ibn Saud would go was regarded as serious. Across the Red Sea from Hodeida lie Italian Eritrea and Somaliland and French Somaliland. South of Yemen lies the British protectorate of Aden, of incalculable strategic importance to the communications of the British Empire. And fringing the Arabian coast-line above Aden and along the Persian Gulf are other small Arab States that are under British protection—Hadramaut, Oman and Koweit. A crisis and reorientation in Red Sea politics were foreseen, as well as the possibility of a general drive toward Arab unity under the leadership of Ibn Saud.

Though stranger things have happened, it seems unlikely that a general rising of the Arab peoples under the leadership of Ibn Saud will take place. His Wahabi sect is still thoroughly disapproved throughout most of Islam and the Arab world, even if it is not considered as heretical as it once was. Moreover, the Arab princes

who still retain any semblance of independence are jealous of their authority, and they know quite well that to support Ibn Saud would eventually result in their destruction. All the remaining Arab States are appendages in some form or other of the great powers, particularly Great Britain. The truth seems to be that Ibn Saud has no more worlds to conquer. In view of his past policy, it is safe to say that he will do nothing ill-considered. While he has conquered one rival after another over a period of twenty-five years, he has wisely spaced these conquests to allow time for consolidating his gains, and especially for establishing his Ikhwan, or colonies of missionary warriors. It is highly improbable, therefore, that he will embroil himself with Great Britain over Aden or any other British protectorate.

TURKISH-ITALIAN RELATIONS

The Turks have not forgotten that the last of Turkey's North African empire was taken by Italy after the Italo-Turkish War of 1911-1912. Nor have they forgotten Italy's wartime hopes for a portion of Asia Minor, or that the Dodecanese Islands, held by Italy, and of great strategic value, lie just off the Turkish coast. Hence it was not unnatural that Ankara should become uneasy when Premier Mussolini, at the recent Fascist Congress, demanded Italian economic and cultural expansion in Asia. The Turkish Ambassador in Rome, Cassis Bey, was instructed to inquire of the Italian Foreign Office what the Premier meant. Explanations were, of course, readily provided. Cassis Bey was informed that Turkey was not referred to, because Italy looked upon Turkey as a European State. Later, Premier Mussolini personally assured the Ambassador of his genuine friendship and admiration for the new Turkey. Tewfik Bey, the Turkish Foreign Minister, conveyed these assurances to the Grand National Assembly.

Turkish newspapers commented, however, on the tactlessness of Mussolini's speech, and criticized the Italian press for accusing Turkey of being a party to a secret protocol of the Balkan Pact, which aimed at the restitution of the Dodecanese Islands to Greece. Whether these developments were responsible or not, the Turkish Cabinet has provided for considerable increases in the navy and air force in the new budget.

Sheik Fakri, a supporter of Sheik Said in the great Kurdish revolt against the Kemalist reforms in 1925, was killed with twenty-six of his followers in the mountains of Eastern Diarbekir Province by Turkish militia on March 19. That Fakri should have been able so long to defy the Turkish Government gives some indication of the difficulty of tracking down small bands of rebels in the mountain fastnesses of Kurdistan.

MURDER TRIAL IN PALESTINE

Palestine's most notable murder trial began on April 23, when Abraham Stavsky, Zvi Rosenblatt and Abba Achimeyer were arraigned at Jerusalem for the murder of Dr. Chaim Arlosoroff on the outskirts of Tel-Aviv on June 16, 1933. The crime itself, the subsequent investigations and numerous arrests, and now the trial have aroused intense interest, not only in Palestine but in Jewish circles abroad, because the affair is significant of the political and social schism in the Zionist movement. Dr. Arlosoroff was a brilliant leader in the Zionist Labor party and Labor member of the Jewish Agency Executive. For some time before his assassination he had been engaged in acrimonious disputes with the militant

Zionist Revisionist party, to which the defendants belong, and suspicion pointed at once to a Revisionist plot. The murder and the incessant strife between the two Zionist factions in Palestine were aired at the World Zionist Congress at Prague last Fall, and contributed to the relatively barren results achieved at that meeting. A committee appointed to investigate the crime apparently accomplished nothing.

In Palestine the investigation was vigorously pursued by the authorities, though the case presented great difficulties. The deed was committed in semi-darkness by two men, one of whom held a flashlight while the other fired the fatal shot. An Arab, Abdel Megid, confessed to the crime, only to retract his confession later. The prosecution holds that Megid was bribed by the defendants to confess; the defense, conducted by Horace Samuel, who went from England for the trial, maintains that Megid is guilty and that he retracted his confession because of pressure from the police. Mr. Samuel also sought to prove that Dr. Arlosoroff's widow, who was with him at the time of the murder, had altered her description of the assassins on two occasions. He contended that she first spoke of Orientals, then of one Jew and one Oriental and finally of her conviction that both murderers were Jews. Mr. Samuel established the fact that Mrs. Arlosoroff had seen Rosenblatt, one of the defendants, at police headquarters, and had tried to induce him to admit his guilt.

The charge against one of the defendants, Achimeyer, is unusual, since he is accused of inciting Stavsky and Rosenblatt, the alleged murderers, by speeches and newspaper articles.

Little substantial evidence was produced against the three young Revisionists during the first ten days of the trial. Even many prominent Jewish leaders who normally detest the Revisionists and their policies have declared that the accused are innocent and are merely victims of the Revisionist-Labor struggle.

When the Actions Committee of the World Zionist Organization met on Palestinian soil for the first time late in March it was hoped that some sort of united front among the various Zionist groups would be established. After twelve days of stormy debate the committee adjourned on April 5 without having succeeded in this purpose. Perhaps it did all that was possible in view of the acute rivalries in Zionist politics by steering a middle course and rejecting extremist demands from all quarters.

The committee did make a number of constructive decisions, however, the most important being the granting of full authority to the Zionist Executive to negotiate for a large loan with which to consolidate the debts of the World Zionist Organization and to make the Jewish Agency's colonies self-supporting. Among other steps taken by the committee were the establishment of a compulsory labor arbitration plan and the creation of labor exchange boards with equal representation for employer and employe groups; the recognition of the Jewish State party, or Grossman Revisionists, as an official union; the inclusion of Sabbath observance clauses in future contracts with settlers on land belonging to the Jewish National Fund or the Jewish Agency; preference in granting immigration certificates to small business men transferring $1,250 to Palestine and to qualified laborers affiliated with Zionist bodies that use Hebrew, and a resolution urging immediate action against land speculation. The committee also decided to urge the Pales-

tine Government to legalize the status of Jewish residents who had entered the country as tourists, to increase the quota of immigration certificates and allow tourists to remain indefinitely, to raise the age limit for immigrants from 35 to 45 years, and finally to reduce the amount of capital required of artisan immigrants.

The Palestine Government reported a surplus of nearly $12,500,000 for the year ended Feb. 28. Revenues exceeded budget estimates by almost 50 per cent.

Tel-Aviv, the flourishing all-Jewish city on the coast just above Jaffa, celebrated its twenty-fifth anniversary on May 3. Meyer Dizengoff, the 72-year-old founder and present Mayor, received many gifts and tributes. Tel-Aviv now has a population of about 80,000, ranking next to Jerusalem, and is a modern city in every respect. Its health record is probably better than that of any other city of its size in the same latitude.

Musa Kiazim Pasha el-Huseini, head of the most powerful Moslem family in Palestine, and for many years the leader of the Arab National party, died on March 26 at the age of 81. He was a direct descendant of the fourth Caliph, Ali, and held many high administrative posts under the Turks, and later under the British mandate. He was for a time Mayor of Jerusalem, and on several occasions served as head of Arab delegations to London.

EGYPT'S MIXED COURTS

Egyptian nationalism is rapidly coming to focus its attacks on the system of mixed courts that was established by international agreement in 1875. The country appears to be solid behind the campaign to revise the system which gives foreign judges the last word in cases between Egyptians and foreigners. This antipathy toward extraterritoriality is of long standing, but it has been especially pronounced since the Cairo Mixed Tribunal ruled in January, 1933, that Egypt, though off the gold standard, should pay the charges on its foreign bonds in gold. While the court could not have ruled otherwise, because the loan contracts called for payment of both principal and interest in gold, the Egyptian Government, press and people believe in the equity of their case. The complete abolition of extraterritoriality is out of the question so long as Egypt's present status remains unchanged, but some reforms in the administration and composition of the courts, with increased participation of Egyptian judges, seem possible, and Egyptian public opinion is determined to win them.

Feeling became particularly acute late in March when former officials of the Mixed Courts brought suit against the Egyptian Government for the payment of their pensions in gold, instead of in depreciated Egyptian pounds. Though the law is on the side of the plaintiffs, Egyptian public opinion holds it unjust for the courts to pass judgment on a matter so closely affecting their present members. The president of the First Chamber of the Cairo court, Judge Falqui Cao, an Italian, bowed before the violence of the press and refused to try the case. The next senior member of the Chamber is an Egyptian, and his compatriots insist upon his right to preside. But the rules of the courts, as laid down in the instrument creating them, require that the presiding judge shall be a foreigner.

The Egyptian Minister of Justice, Ahmed Pasha, declared that the rules did not debar an Egyptian judge from presiding over an individual Chamber,

though he admitted that only a foreigner might preside over the general sessions. The dispute came to a head when the Egyptian judges presented an ultimatum to Judge Vaux, president of the General Assembly of the Mixed Courts, declaring that unless their right to preside over individual Chambers under seniority rules were recognized they would not sit at all. Judge Vaux met this challenge by warning the senior Egyptian judge that he and his colleagues would be disciplined if they carried out their intention to strike. The Egyptian judges were furious at this threat, and the operation of the courts has been paralyzed for the time being. Judge Vaux has himself admitted that the learning of the Egyptian judges is now such that they are fitted to preside over Chambers, but he took the position that his hands were tied by the constitution of the courts.

Japan Takes Her Stand

By TYLER DENNETT
Professor of International Relations, Princeton University

EIJI AMAU, chief of the Intelligence Division of the Japanese Foreign Office, gave the press on April 18 a redefinition of Japanese policy in the Far East which immediately set the world by the ears. Popularly described, Mr. Amau's policy was a notice to the powers and to the League of Nations to keep "hands off" China. No written copy of the statement was supplied to the press, nor were any copies available for distribution to the excited foreign diplomats. The semi-official Rengo News Agency, however, repeated the Amau warnings in an "unofficial" statement.

The gist of the new definition of policy appears to have been as follows: Japan assumed exclusive responsibility for peace in Eastern Asia, except as she might elect to share the burden with China. The recent activities of the League of Nations under the general direction of Dr. Rajchman for the rehabilitation of the republic, together with the American wheat and cotton loan, the sale of airplanes, the appearance of foreign (chiefly American) flying instructors and the activities of the German General Hans von Seeckt, who is now training a Chinese army, are looked upon by the Japanese Government as having tended to support in China a resistance to Japan which threatens the peace of Asia. All these measures, as is well known, are objectionable to Japan and, if they are continued, according to Mr. Amau, and supported by force, then "Japan herself may be compelled to resort to force."

The Foreign Office spokesman brushed aside the existing treaties which his previous remarks appeared to contravene by declaring that, while Japan did not mean to renounce her international obligations "where these [new] principles conflict with treaties to which Japan is a party, the treaty will be respected, but there may be differences in interpretation of treaties."

The powers waited for some official communication from Tokyo. None

came. Meanwhile the Amau statement, spread abroad by the correspondents, provoked general disapproval. On April 20 the Foreign Office issued a new pronouncement which was by some generously regarded as a "retraction" of the earlier one. It omitted any reference to the use of force to repel the powers or the League in efforts to assist China, and declared that Japan did not wish to deviate from the open-door principle. On the other hand, it repeated the assertion of exclusive Japanese responsibility and concluded: "The time has passed when other powers of the League of Nations can prosecute their policies for the exploitation of China."

Following this amazing declaration the Foreign Offices of the powers appear to have been again left in suspense. Japanese diplomatic representatives abroad were either not supplied with copies of the Amau statement, or were instructed not to give them out. The spokesman of the Japanese Consulate at Geneva even went so far on April 23 as to amplify the new policy "on his own responsibility" by a written statement that the Amau declaration "seeks to affirm, above all, the firm determination of Japan to assume responsibility for peace in Eastern Asia in close cooperation with Asiatic powers, notably China." When asked to explain what other Asiatic powers he referred to, he included Siam, India, the Dutch East Indies and the Philippines. He failed to mention French Indo-China. "Asia for the Asiatics," he declared.

On the same day Ambassador Saito in Washington attempted to take the edge off the situation by assuring the press that Japan would observe her treaty obligations, but he supplied the following digest of the positive parts of the declaration of April 18: "Japan cannot tolerate the judge-like attitude of the powers or the League of Nations in relation to the Chinese question which is often motivated by the self-interest of those powers." Requested the following day, April 24, to come to the Department of State, Ambassador Saito appeared to be still without any official statement from his Foreign Office as to just what new claims Japan was setting up. It was reported, however, upon seemingly good authority, that the Amau statement was based upon a two-months-old instruction to the Japanese Consul in Shanghai, which was circulated throughout the Japanese diplomatic corps.

The American Government appears to have been particularly annoyed by the new Japanese outburst. Apart from the highly irregular form in which the statements were put forth, there was the obvious fact that President Roosevelt had for thirteen months pursued toward Japan a singularly pacific policy. The objectionable fleet was on its way through the Panama Canal, away from the Pacific. Only six weeks before there had been a cordial, if somewhat empty, exchange of notes between Secretary Hull and Foreign Minister Hirota. The President had abstained from any gesture which could cause offense to Japan. Indeed, Japanese-American relations were better than at any time since September, 1931. Washington, moreover, was just completing the final preparations for a cherry-blossom festival which was to be more or less keyed to the theme of Hands-Across-the-Sea. In Tokyo the eightieth anniversary of the Perry Treaty was scheduled for April 22.

It is true that the day before the Amau statement was made a Shanghai dispatch reported that the Nanking government had closed a rush order with an American aircraft com-

pany for more planes, but the transaction was a private one such as the Open Door principle and the Nine-Power Treaty are designed to protect. In 1933 Nanking was reported to have purchased no less than $1,500,000 worth of planes and accessories. Just now Italian manufacturers are trying to break into the market, but, again, in free competition through the Open Door. On what grounds of international law could Japan expect to close the door to this legitimate trade? But the State Department kept cool, and remembering the exposed position which it had taken in 1931-32, permitted Sir John Simon to lead off.

The British Government on April 23 sent a "friendly communication" to Tokyo. According to Sir John Simon's statement in the House of Commons on April 30, the note reminded Japan that the principle of equal rights in China was guaranteed very explicitly by the Nine-Power Treaty, and that, of course, the British Government must continue to enjoy all the rights in China which were common to all the signatories. Then Sir John added, at least in his explanation in the House of Commons, what amounted to an acknowledgment that Japan has in China special rights "recognized by the other powers and not shared by them." What these "rights" are was not made clear. They were not conveyed in any of the Washington treaties of 1922, and it is not a matter of public record that such exceptional rights have previously been recognized by any power. It appears, therefore, that Sir John Simon at least, if not the British public, is still a feeble ally for the American Government in its efforts to keep alive the famous Nine-Power Treaty.

In presenting the British note, Sir Francis Lindley made it easy for Foreign Minister Hirota to reply by pointing out that under Articles I and VII of the Nine-Power Treaty, Japan had the right to call the attention of the other signatories to any action of China inimical to Japanese security. Mr. Hirota replied promptly, giving Sir John satisfactory assurances and the latter in the House of Commons on April 30 reported the incident closed. The intention, announced on April 29, to make public the text of the note was suddenly changed without explanation. The exact nature of the British-Japanese correspondence, aside from the concession vouchsafed by Sir John, remains unknown, but the Japanese appear to have been much gratified by the way the British Foreign Office acted.

A French memorandum on May 3 declared that "the French Government notes with satisfaction that Japan's intention is to remain faithful to international law." Though French officials admitted that they did not wish to offend Japan, they insisted that France "places herself firmly on the side of maintenance of treaties."

Following the receipt in Washington of the report of Sir John Simon's statement, the American Government suddenly decided to make public the "substance" of the official statement which the State Department had instructed Ambassador Grew to make to Foreign Minister Hirota, and to which the latter had replied at the time the Japanese note had been sent to Sir Francis Lindley. The reason given for the final decision to publish the statement was that silence in Washington might be interpreted in China and elsewhere as acquiescence in the existing situation. Another possible reason may be that Sir John Simon's statement did not prove to be one which seemed to

the American Government adequate.

Issued on April 30, the Washington "statement," apparently less impressive than the Simon "note," was, in fact, more sweeping and more difficult to answer in qualified phrases. The various Foreign Office press statements were described as "sources so authoritative as to preclude their being ignored." They made it "necessary" for the American Government to reaffirm its position with regard to the question of interests—and "rights." The Washington statement then incorporated a few paragraphs of elementary international law, the very paragraphs which Japan so often cited to the Lytton Commission and at Geneva. "Treaties can lawfully be modified or be terminated only by processes prescribed or recognized or agreed upon by the parties to them. * * * In the opinion of the American people and the American Government, no nation can, without the assent of the other government concerned, rightfully endeavor to make conclusive its will in a situation where there are involved the rights, the obligations, and the legitimate interests of other sovereign States." No separate treaties were named but the references were evidently to the Nine-Power Treaty, the Kellogg-Briand Pact, and the numerous treaties with China under which the United States is granted certain rights either directly or under the cover of the "most-favored nation" clause. With the publication of this statement, the American Government rested its case.

Where does this leave the matter? The Japanese Government has affirmed again, as it did so often in the earlier stages of the Manchurian affair, that it will respect the treaties. On the other hand, it has not definitely retracted those parts of the Amau declaration which intimated that it would arrogate to itself the privilege of unilaterally interpreting these treaties in its own interests. In short, Japan has asserted in more definite form what has been implicit since the Twenty-one Demands of 1915—an exclusive right to control China in the interest of Japanese security and to forestall future Chinese efforts to reclaim from Japan what has been lost in Manchuria and in North China. Japan has issued a warning to China, to the powers interested in China and to the League. It is not apparent that any of the interested parties will, before the approaching naval conference, enter the dispute except on paper.

So far as the United States is concerned the Japanese diplomats have kicked over as nice a bucket of diplomatic milk as was ever produced in thirteen months. Out of a clear sky, without provocation, in the face of conciliatory gestures like the withdrawal of the fleet from the Pacific and the Hull-Hirota notes, Japan has substantially destroyed whatever basis was being built for either the recognition of Manchukuo or naval limitation after 1936. The State Department has repeatedly insisted that the non-recognition doctrine still stands, and the President has let it be known that he is quite despondent about naval agreements. The Navy League has improved the opportunity to point out that all but eighty of the 371 vessels of the American Navy will be over-age in 1936. Notwithstanding the general terms and the diplomatic language of the American statement it amounts to a nearly complete denial of the validity of the new Japanese claims. There is a head-on, though as yet merely verbal, collision.

The effect of the Amau declaration in Europe is not as yet easy to appraise. That it has had some influ-

ence at Geneva appears probable. Whatever may have been the nature of the report which Dr. Rajchman took to Geneva, it was reported on May 3, with apparent authority, that the future League program in China will be limited to "technical services," that no loan is contemplated and that even road-building is excluded. Sir John Simon's balancing act in the House of Commons was not received generally in Great Britain with approbation. The Anglo-Japanese trade conference, which had failed as a meeting between non-official commercial representatives, was reported to be faring no better in the hands of the diplomats. Efforts to revive the spirit of the old Anglo-Japanese alliance are wrecked on the stern facts that Great Britain greatly assisted Japan to become her bitterest commercial rival. Moscow has kept out of the discussion and may be presumed to be quietly rubbing its hands in glee while it watches the capitalistic nations prepare to destroy themselves.

In China there is indignation toward Japan and Great Britain; nor is there complete satisfaction with the American statement, although what more could have been expected from Washington is hard to imagine. Nanking promptly denied the rumor that the Amau declaration had been previously approved by the Chinese Government, but Geneva is haunted by the fear that the Chinese Government may be induced to withdraw its request for League assistance. The Chinese Minister in London was reported to have asked Sir John Simon for a conference of the signatories of the Nine-Power Treaty but there is little prospect that the request will be heeded, although the treaty specifically provides for it.

The Chinese appear to feel that the approaching withdrawal of the United States from the Philippines is an ominous indication that not much can be expected by way of American support in China. Temporarily, at least, the pro-Japanese faction in the Chinese Government has met with a setback. The settlement of the North China issue, the subject of recent conferences between General Chiang Kai-shek, Huang Fu and Premier Wang Ching-wei, is postponed. New prestige accrues to T. V. Soong and Sun Fo, and generally to the party which has opposed reconciliation with Japan. Similarly, in Japan the issues raised by the fortnight of discussion have served to revive the militant party and make any moderation of policy more difficult than for the past year.

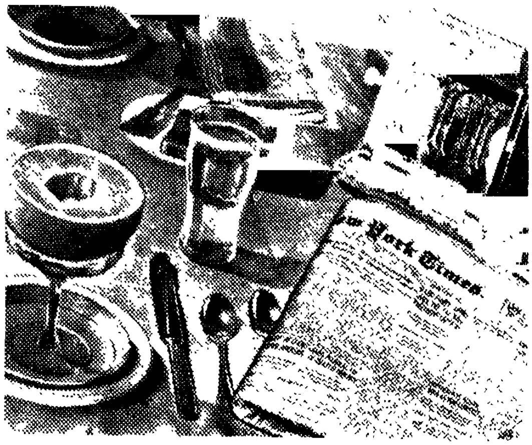
Correction

IN the article "Starve and Prosper!" by Norman Thomas, published in CURRENT HISTORY for May, there were three errors which call for correction.

On page 136, first column, in the sentence which began, "By this failure they unite with the proponents of the return to scarcity *are impotent to credit* not only the national economy * * *," the words italicized should have read "completely to discredit."

On page 140, first column, in the sentence beginning, "That shared abundance which machinery has made the logical, *not* the only, basis for human well-being * * *," the word "not" should have read "nay."

In the second last line of the article the word "them" should have read "men."

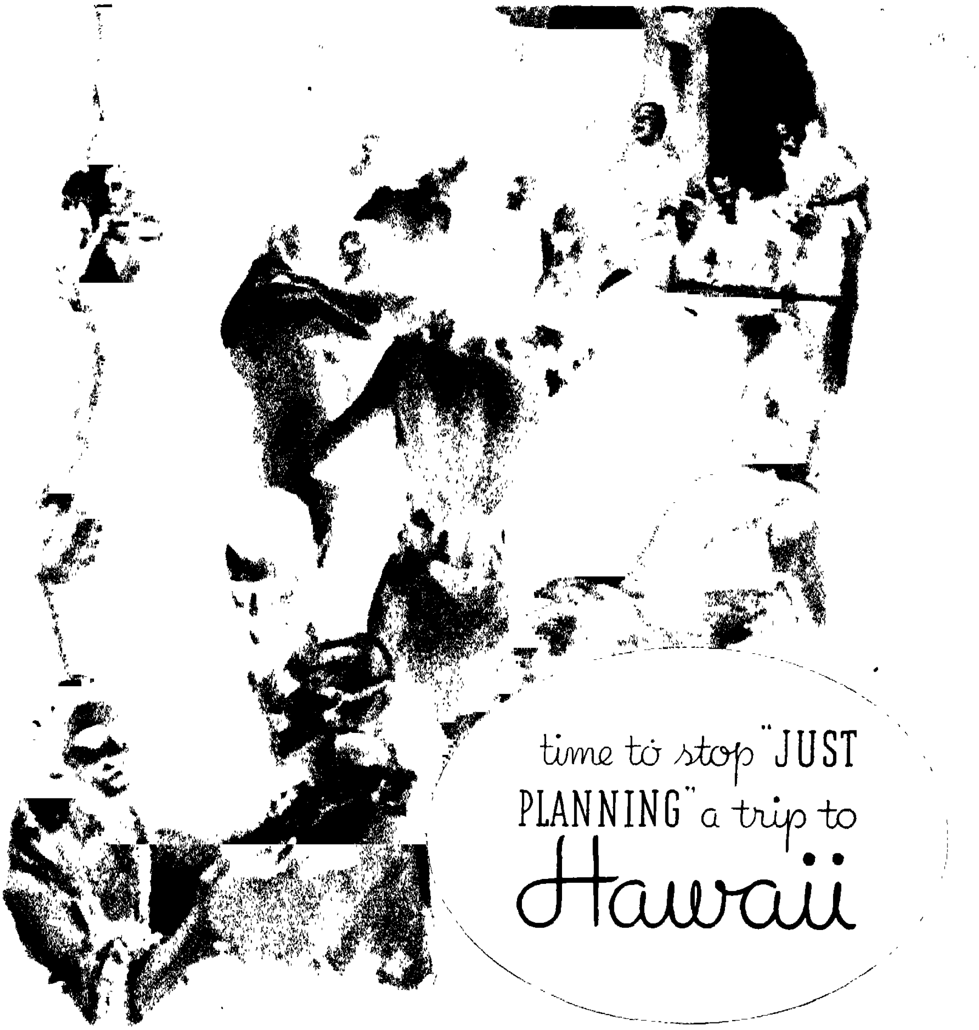


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